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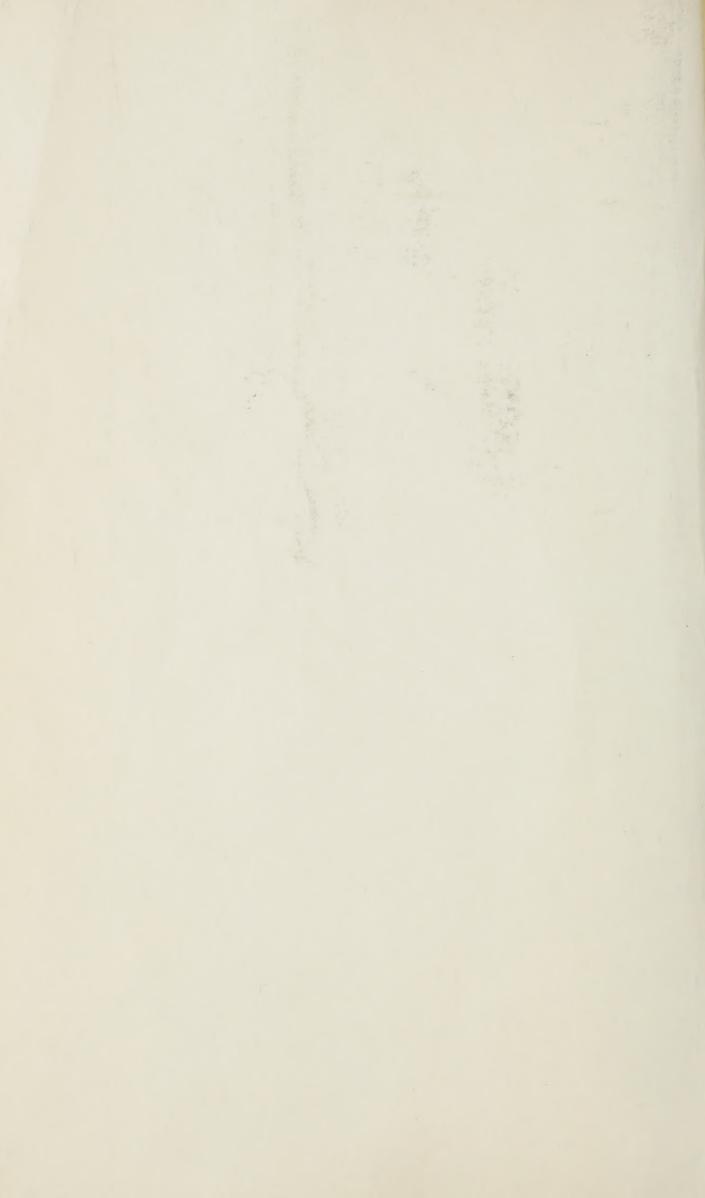


Royal mission Newspapers



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Royal Commission on Newspapers





Royal Commission on Newspapers



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TO HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL

MAY IT PLEASE YOUR EXCELLENCY

Kent

Boden Spears Co

We, the Commissioners appointed to inquire generally into the daily newspaper industry in Canada, and specifically into the concentration of the ownership and control of the industry, beg to submit to Your Excellency the following Report.

Chairman

Tom Kent

Commissioners

Borden Spears

July 1, 1981

Laurent Picard



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Foreword

Ottawa and in Winnipeg, two old and respected newspapers died. The Winnipeg *Tribune* was 90 years old; the Ottawa *Journal* was almost 95. Both had striven valiantly for some years before their abrupt closing to survive by excelling in what they offered to the public; both died while optimism within their staffs was high. Journalists and other employees of the two papers were stunned. Readers were angry. Thoughtful people throughout the country became seriously concerned, for the demise of the *Journal* and the *Tribune* was merely the culmination of a series of takeovers and "rationalizations" that have changed the face and nature of the press in Canada.

The *Tribune* and the *Journal* closed their doors on August 27, 1980. This Commission, in direct response to that event, was created six days later. At the same time, an inquiry was launched into arrangements between the Thomson and Southam organizations. Charges were subsequently laid under the Combines Investigation Act and are before the courts. As we made clear from the outset, the narrow issues involved in the case are not the issues with which this Commission is concerned. Our task is to look at the industry as a whole; to suggest, if we can, a better course for newspapers in Canada; to recommend whether law or policy should be different for the future.

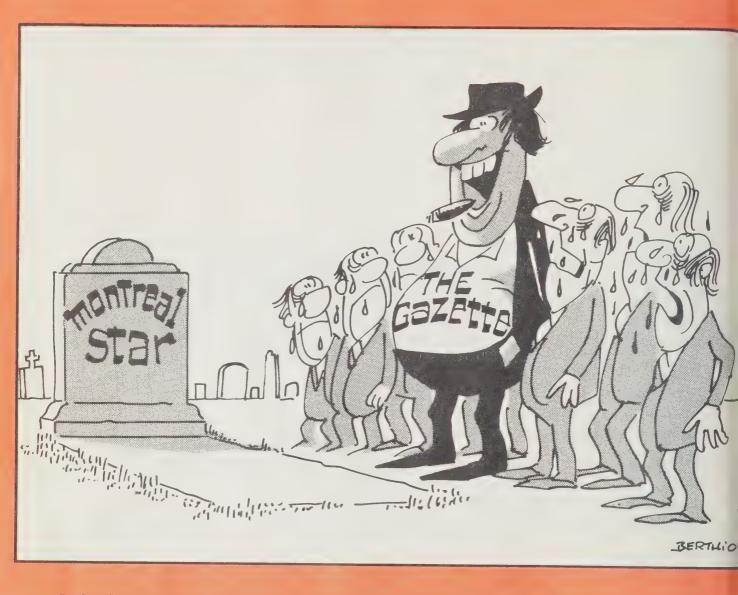
The Commission's mandate is broad. It reflects the gravity of the situation within the newspaper industry and the intensity of public concern. There was need for deliberate haste in our inquiry lest the situation deteriorate further, and for that reason we were given an early and firm deadline. There was equal need to make our investigations as comprehensive and penetrating as possible. Our instructions were "to inquire generally into the newspaper industry in Canada", as well as to study specific aspects of the situation, and to suggest remedies.

In order to proceed from the fullest information that could be obtained in time, we sought the opinions of all interested Canadians, through briefs and extensive public hearings. We organized a wide range of research projects. We thought it imperative that we take our investigations into the newsrooms, to talk to the reporters and editors who produce the newspapers that Canadians read each day. These interviews were not heartening. We were disturbed by the insecurity and, worse, by the cynicism that were evident. They seemed to us symptomatic of a deep malady. That conclusion was not changed as, in our hearings and through our researchers, we talked to owners, publishers, senior journalists, union representatives and, generally, people involved in all aspects of the newspaper business.

This report on our work was written in both official languages. The original text of three of the chapters was in French, the others in English. We begin by reviewing the condition of the newspaper industry in Canada, how it has come to be that way, and, briefly, how other countries deal with similar problems. We consider the responsibilities of the newspaper to society, how owners and publishers perceive those responsibilities, and how the reading public perceives them. We review the law as it relates to newspapers. The economics of the industry are examined, in order to analyze how newspapers operate and why they operate as they do. We investigate the factors underlying the "trade-off" that newspapers make between their profitability and the fulfilment of their responsibilities to the public. We then look at the processes of gathering and disseminating news, including the operations of news services such as Canadian Press (CP). The role of the newspaper in public affairs is examined, as is the new technology that has greatly changed the way newspapers are produced. We consider the possible effects of the new medium emerging from the marriage between electronic communications and computers.

Finally, we summarize our findings about the newspaper industry in Canada and discuss ideas that have been put forward to us as to what should be done; some are adopted with enthusiasm. We discuss what we believe the Parliament of Canada can do to create the climate in which newspapers can truly fulfill the public trust that our society has vested in them. In our last chapter we set out those recommendations in some detail.

We took for our motto in this inquiry the famous words of one early Canadian newspaperman, Joseph Howe. "I conjure you," he said to the jury asked to convict him of contempt for publishing information he thought the public should have, "to leave an unshackled press as a legacy to your children." The shackles that bind the press in Canada today are a different sort from those that Howe exhorted against. They are shackles nonetheless. We present in this Report our recommendations for freeing the press in Canada.



Roland Berthiaume (Berthio), Montréal

Second selection in the Royal Commission's call for cartoons. (The Commission's first selection accompanies Chapter 13.) An explanation of the cartoon selection process is included in Appendix III.

The scope of concentration

REEDOM of the press is not a property right of owners. It is a right of the people. It is part of their right to free expression, inseparable from their right to inform themselves. The Commission believes that the key problem posed by its terms of reference is the limitation of those rights by undue concentration of ownership and control of the Canadian daily newspaper industry. As Justice Hugo Black wrote in a 1945 judgment of the United States Supreme Court, "Freedom of the press from governmental interference . . . does not sanction repression of that freedom by private interests."

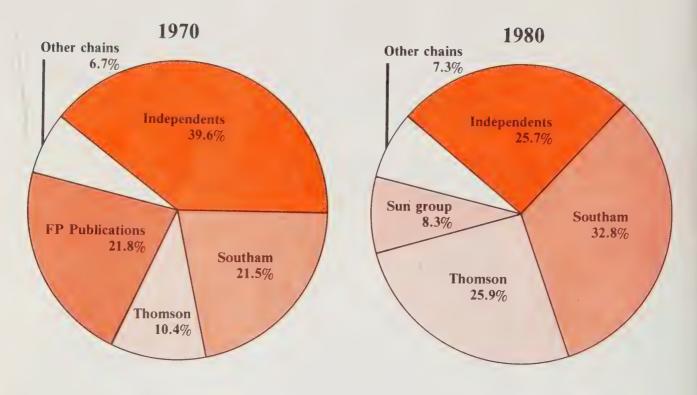
Concentration engulfs Canadian daily newspaper publishing. Three chains control nine-tenths of French-language daily newspaper circulation. Three other chains control two-thirds of English-language circulation. Additional chains bring the circulation in English under concentrated ownership to three-quarters of the total. In seven provinces — all but Ontario, Québec, and Nova Scotia — two-thirds or more of provincial circulation is controlled by a single chain.² Often chain owners of daily newspapers also control community newspapers, broadcasting stations, periodicals, and major interests outside the media. We define a chain as the ownership of two or more daily newspapers in different urban communities by a single firm.

Fateful decade

Canadian newspapers went through a decade of wrenching change before the traumatic "rationalization" of 1980 — the series of takeovers, mergers, agreements, and closings that brought about the appointment of this Commission. There is no reason to think that the trend of ownership changes, with increasing concentration, has ended. The years ahead will see more, unless the law is changed.

The daily paper is an urban phenomenon. The bigger the city, the more newspaper journalism it generates. Toronto, Montréal, and Vancouver alone account for 44 per cent of all daily newspaper circulation in Canada. In the 1970s, Canada's burgeoning metropolitan centres called up new patterns. Old general-interest newspapers died, new pop tabloids soared. Eight papers that accounted for 15 per cent of Canadian circulation in September, 1970, were gone 10 years later. The increase in

English-language circulation by ownership

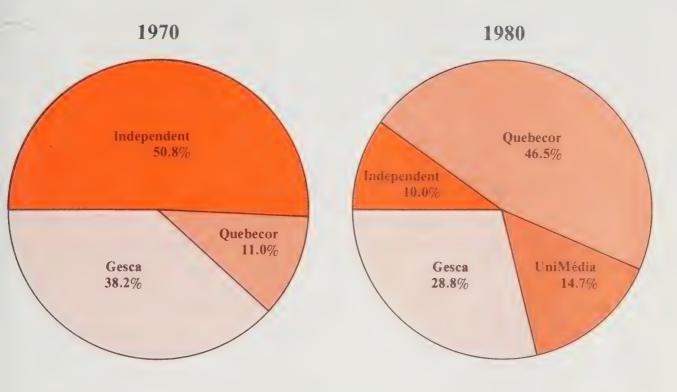


morning tabloid circulation during the decade was almost exactly equal to the 1970 circulation of the defunct papers. It also was equal to the net increase in all daily newspaper circulation during the 1970s. The competition of television for public attention intensified, and daily newspapers also had to keep a weather eye on radio, community newspapers, and magazines as claimants for audience and hence for advertisers' dollars.

The emerging pattern of journalism in Canada is an old one in some other countries, where big metropolitan centres earlier provided adequate mass circulation bases for a variety of papers — highbrow, middlebrow, lowbrow. In this country, the French-language market in Québec — relatively compact, highly urbanized, culturally homogeneous — led the way. Pierre Péladeau, king of the pops, launched his daily tabloids in the 1960s, but he was building on a base of mass-circulation pop journalism already established by weeklies and the daily *Montréal-Matin*. At the other end of the spectrum, *Le Devoir* steadily developed as Canada's national newspaper in French, devoted as it was to reaching the leadership elements throughout French-speaking Canada. In mid-spectrum were to be found the big-city omnibus papers, *La Presse* in Montréal and *Le Soleil* in Québec City, along with a handful of smaller dailies.

The pattern was repeated in English-speaking Canada in the 1970s, with the spectacular success of the tabloid Sun in Toronto and its bold move to exploit a similar market segment in Edmonton. At the same time, the Globe and Mail was steadily refining its role as Canada's national paper in English; it was poised at the end of the decade to make its national character a physical as well as an editorial reality by feeding its content to remote printing plants by satellite transmission. But English-Canadian journalism remained dominated by its middle — from the Toronto Star to the smallest of the small-town general-interest newspapers.

French-language circulation by ownership



Within these broad patterns there were significant secondary movements. Weekend circulation, including the introduction of new Sunday editions, grew faster than weekday. Circulation of afternoon papers was slightly lower in 1980 than in 1970, while morning circulation increased by two-thirds during the decade. Afternoon papers were still dominant, at 63 per cent of total circulation, at the time of our survey in September of 1980. But since that time one major paper in Québec, La Presse, as well as the smaller Le Quotidien, have switched from afternoon to morning. The trend-setting province now has only one French-language afternoon paper, Le Soleil.

All these changes can be seen for what one would expect them to be, a chase after readers. During the past decade there has been a sharp increase in the number of households in Canada, and a decrease in numbers within households. The combination produced lower "household penetration" of newspapers, which went haring after the readers — on the subways, downtown at the newsstands and in the offices, out at the shopping centres. A paper in one person's hands early in the day may have passed through several more by day's end. All are potential customers for the advertisers whose dollars are sought by newspapers as a steadily increasing proportion of revenues: 78 per cent in 1980.

The people who have been involved in all these changes and exertions in the daily newspaper industry number about 22,000, including employees of news services. About a quarter of that number — 5,500 — are editorial employees, directly responsible for the journalistic content of the papers. Finally, a little over half this group, about 2,900, are original content providers: reporters, photographers, editorialists, feature writers, reviewers, and so on. The remainder are editors, copy-editors, and other support staff.

The need to remain competitive in price led newspapers in the 1970s into a revolution of production processes and methods, sweeping the linotype machine out of the composing room. Journalists became, in effect, their own typesetters through the use of video display terminals (VDTs) and computerized photo-composition. Typographers were losing their jobs, editors and reporters were trading in their typewriters for VDTs, paper and clatter were disappearing from the newsroom. And often, down in the pressroom, shiny new offset presses were spewing out a technically better product containing more color.³

A new screenprint medium was taking shape, using computer-communications and screen-display technologies to bring printed information into office and home.⁴ Screenprint comes in several modes. Videotex, in which Canada's Telidon technology is a world leader, is an interactive system using the standard TV set, with adaptations, to provide two-way communications for accessing information, teleshopping, telebanking, and so on. Teletext is a one-way broadcast or cable system, cheaper than videotex but with much more limited opportunity for information retrieval. Computer on-line systems provide information to compatible terminals in home or office; an example is Info Globe, the screenprint version of the Toronto Globe and Mail. All these systems can be seen as extensions of the computer-communications now used within newspapers. They raise serious questions about the form and content of paper-print dailies that will be able to survive in the long run.

In both the old world of newspapers and the new screenprint world of "information providers", concentration of ownership and control grew apace. Corporate owners acquired new properties — three-quarters of Canadian newspaper titles are in chains — and diversified their interests. As the Commission conducted its public hearings in late 1980 and through the winter and into the spring of 1981, it was occasionally asked to consider a couple of worst-case scenarios. In the first, all the daily newspapers in English would fall to one owner, those in French to another. In the second, screenprint would take over and there would be no daily newspapers at all. In our view, neither prospect pleases, neither need happen, and neither is something we should sit back and endure. But both must be taken seriously.

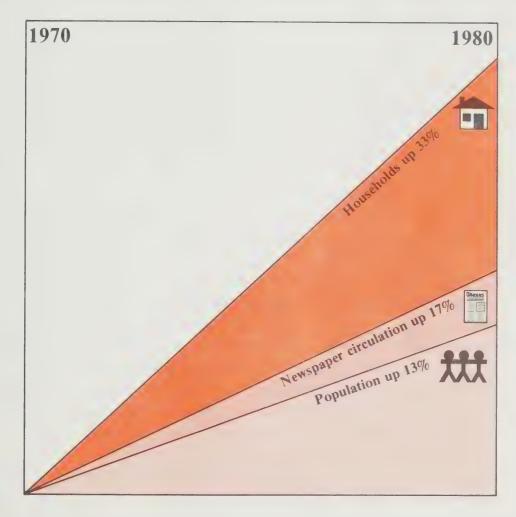
Newspapers from coast to coast

To obtain facts and views from all the parties who were the subject of our general inquiry into the Canadian daily newspaper industry, and from interested citizens, the Commission conducted public hearings in British Columbia, the Prairies, Ontario, Québec, and the Atlantic region, followed by extensive national hearings in Ottawa, for 30 days in all. A broad research program was undertaken to give the Commission a grounding in the various facets of the newspaper business in both the anglophone and francophone communities. The Commission received hundreds of letters and briefs in addition to those presented at hearings. A summary of the conduct of the inquiry is to be found in Appendix III.

First, let us take a look at the newspapers throughout Canada and see how they fit into the broad patterns of journalism and the concentration of ownership and control that we sketched at the beginning of the chapter. We have chosen the years 1970 and 1980 for comparison in order to show how the situation has evolved during the decade since the Special Senate Committee on Mass Media under the chairmanship of Senator Keith Davey issued its report.⁵ The circulation analysis on which this sec-

tion is based uses aggregate weekly circulation of newspapers, rather than the more traditional average daily circulation. This gives us a comparable measurement of total weekly circulation whether the "daily" appears five, six, or seven days a week. During the decade, the aggregate weekly circulation of all daily newspapers in Canada increased from 27,850,500 copies to 32,445,000, a gain of 16.5 per cent. This was a shade above the rate of population growth but represented a nine per cent decline in relation to number of households.

Relative growth rates of population, daily newspaper circulation, and households in Canada, 1970 to 1980



The number of newspaper titles in Canada increased from 114 in 1970 to 117 in 1980, the end of September being the date of our survey in each year; that is, the figure takes account of the closing of the Winnipeg Tribune and the Ottawa Journal on August 27, 1980, the immediate event that triggered the appointment of this Commission. The count does not include the new Winnipeg Sun (no relation to the Toronto Sun), which went to publication five days weekly, the minimum for consideration as a daily newspaper, only in the spring of 1981. The count does include both titles of two-in-one newspapers, which we define as two titles put out by one owner from the same plant, containing much of the same editorial material and sharing a good deal or all of the same staff, but aimed at distinct markets — mainly out

of town in the morning, in town in the afternoon. An example is The Halifax Herald Limited which publishes the morning *Chronicle-Herald* and the afternoon *Mail-Star*.

Within the total figures for 1970 and 1980, independent titles decreased from 45 to 29, while chain-owned titles increased from 69 to 88, or 75 per cent of the total. Every region experienced changes.

Starting in the Pacific region, we find that Victoria's two newspapers, the morning *Colonist* and the afternoon *Times*, have been merged into one "all-day" paper, the *Times-Colonist*. The two, editorially distinct in 1970, had steadily come to share more and more services under their former owner, F.P. Publications Limited (FP), and were merged in September of 1980 by Thomson Newspapers Limited — through its subsidiary, Canadian Newspapers Company Limited — after the purchase of FP earlier that year.

Elsewhere in British Columbia, five new daily newspapers, all of them small-town monopolies, have been created out of former community newspapers, four by the Sterling Newspapers chain and one by Thomson. In Vancouver, the Sun and the Province continue as distinct newspapers, but under the single ownership of Southam Inc., which bought the half-share in their joint operation, Pacific Press Limited, that Thomson had obtained with the purchase of FP. The only independently owned newspaper among the 19 in B.C., the Columbian, continues to offer competition in a suburban segment of the metropolitan Vancouver market.

All but 5.4 per cent of British Columbia daily newspaper circulation is held by the chains: Southam has 65.8 per cent, Thomson 22.4 per cent, and Sterling — established by Conrad Black, David Radler, and Peter G. White, with headquarters in Vancouver under Radler as president — 6.4 per cent. British Columbia newspapers have 13.1 per cent of total English-language circulation in Canada.

In the Prairie region, Alberta's nine daily newspapers include two new ones. Edmonton has, in the tabloid Sun, a second newspaper to Southam's Journal for the first time since the Bulletin folded in 1951. Burgeoning Fort McMurray has a new monopoly newspaper owned by Bowes Publishers Limited. Calgary has two newspapers as before, but The Toronto Sun Publishing Corporation has bought the Albertan from Thomson (which got it as part of FP) and transformed it into the Calgary Sun, a more vigorous competitor for Southam's Herald.

Alberta's one independent newspaper in Canadian terms, the Red Deer Advocate, is actually controlled by a British chain, the Liverpool Post and Echo Limited, and has only 3.7 per cent of provincial circulation. Chains hold the rest: Southam 65.1 per cent, Toronto Sun Publishing 23.1, Thomson 5.6, and Bowes Publishers 2.4. Alberta newspapers have 11.2 per cent of national English-language circulation.

Saskatchewan remains an all-monopoly, all-chain province, but its five dailies include one newcomer, the Lloydminster *Daily Times*, owned by Sterling. The big owner is Armadale Company Limited (Michael Sifton) with 85.7 per cent of provincial circulation. Thomson has 14 per cent, and Sterling about a third of one per cent. Saskatchewan accounts for only 3.1 per cent of English-language circulation in Canada.

In Manitoba, six of the seven local monopoly papers in the fall of 1980 were independently owned, all small. Thomson's Winnipeg Free Press, alone in Winnipeg

after Southam's closing of the *Tribune*, had 87.1 per cent of provincial circulation. In April, 1981, the new Winnipeg *Sun* went daily, restoring a measure of competition. Southam retains a foot in the door in Manitoba through its 49 per cent ownership of the Brandon *Sun*, and the right to buy the rest of it later. Manitoba has 5.2 per cent of total English-language circulation.

In Ontario, 46 titles account for 52.9 per cent of total English-language, and 4.6 per cent of French-language circulation, but include only 12 newspapers that are still independently owned. The independents include one of the two-in-one newspapers to which we referred earlier, the morning and afternoon London *Free Press* papers. The Thomson chain's two-in-one paper in Thunder Bay — the *Times-News* and the *Chronicle-Journal* — is another example of the species. It is really one paper with two titles.

Among the larger cities of Ontario, English-language competition ended in Ottawa with the closing of the *Journal* by Thomson, leaving Southam's *Citizen* with an English-language monopoly. Competition was not reduced in Toronto at the beginning of the decade by the closing of the *Telegram* since former Tely people immediately launched the tabloid *Sun*. By the fall of 1980, the *Sun* had surpassed the Tely's 1970 circulation and had itself become the flagship paper of a chain. In 1980, Toronto was the only city in Ontario with resident daily newspaper competition: the *Star*, the *Globe and Mail*, and the *Sun*.

The circulation breakdown in Ontario shows no one chain selling as many papers as the sum of the independently owned newspapers. The independents have 39.5 per cent of the total; but just over 60 per cent of their share is accounted for by the Toronto *Star* alone, which is now only a component of the Torstar conglomerate. Thomson has 27.3 per cent of Ontario circulation, Southam 22.2, the Sun 10.6, Northumberland Publishers Limited (James Johnston) three-tenths of one per cent, and Bowes two-tenths of one per cent.

By 1980 in Québec, newspapers that had accounted for 30 per cent of provincial circulation in 1970 were dead. In both French-speaking Montréal and Québec City, reduced competition remains. In Montréal, the demise of *Montréal-Matin*, owned by Gesca Ltée (Paul Desmarais), leaves *Le Journal de Montréal*, owned by Quebecor Inc. (Pierre Péladeau), Paul Desmarais' *La Presse*, and the independent *Le Devoir*. In Québec City, the closing of *L'Action* at the start of the decade left *Le Soleil*, now owned by UniMédia Inc. (Jacques Francoeur), and Péladeau's *Le Journal de Québec*. A new daily was created when *Le Soleil* split off a regional edition to create a separate newspaper, *Le Quotidien*, in Chicoutimi; the newspaper relaunched itself as a tabloid in 1981 to meet stiff competition from a regional edition of *Le Soleil*'s rival, *Le Journal de Québec*.

English-language competition in Montréal ended with the death of FP's Star in the fall of 1979, leaving Southam's Gazette with a monopoly. Thomson vanished from the Québec newspaper scene as the English-speaking market in Québec City dried up and the Chronicle-Telegraph was sold and went weekly.

Le Devoir and the Sherbrooke Record, with 4.1 per cent of provincial circulation, are the only independents among Québec's 11 newspapers. Of total provincial circulation, Quebecor has 39.8 per cent, Gesca 24.6, Southam 19, and UniMédia 12.5. Québec daily newspapers account for 94 per cent of national circulation in French, and 5.1 per cent of circulation in English.

In the Atlantic region, the New Brunswick situation remains essentially unchanged from 10 years earlier. Members of the Irving family own all five English titles (two-in-one newspapers in Saint John and Moncton, a single paper in Fredericton). L'Evangéline, published in Moncton, continues as an independent to serve the Acadian population. The Irvings account for 90.6 per cent of provincial circulation, the independent for 9.4. Of total Canadian circulation, the New Brunswick dailies account for three per cent of English and 1.4 per cent of French.

Prince Edward Island has a Thomson two-in-one newspaper in Charlottetown accounting for 67.5 per cent of provincial circulation, and a Sterling paper in Summerside with the remainder. These papers account for 0.8 per cent of national English-language circulation.

Nova Scotia, the only province with a majority of its circulation in the hands of independently owned newspapers, at 73.4 per cent, has seven newspaper titles. Dominant are the two-in-one Halifax newspapers, the *Chronicle-Herald* and *Mail-Star*, which have been subject to competition in a suburban segment of the Halifax market since the Bedford-Sackville *Daily News*, established as a weekly in 1975, went daily in 1979. The morning *Chronicle-Herald* is primarily a provincial paper, while the *Mail-Star* circulates in the city. The Thomson chain has three newspapers in Nova Scotia accounting for 26.6 per cent of provincial circulation. The province's papers account for 4.4 per cent of national circulation in English.

In Newfoundland, the independent morning *Daily News* in St. John's struggles on in the shadow of the dominant afternoon *Telegram*, owned by Thomson, which also owns the province's third daily newspaper, the Corner Brook *Western Star*. Thomson controls 83.5 per cent of provincial circulation, which in turn accounts for 1.2 per cent of national English-language circulation.

Finally, the Yukon has one daily, new since 1970, an independent: the Whitehorse *Star*. The Northwest Territories does not yet have a daily newspaper.

Reviewing the situation across the country in June, 1981, we find three urban communities reduced since 1970 from two newspapers to one: Victoria, English-speaking Ottawa, and English-speaking Montréal. The number of newspapers in both French-speaking Montréal and Québec City has been reduced but there is still competition. New entrants have offset losses, at least in numbers, in Toronto and Winnipeg. There is only one clear case of an increase in numbers in a single market, Edmonton going from one to two. Greater Halifax, it is true, has a second newspaper, but it is too restricted in circulation to be considered competition in the whole market.

Across the country, the number of major cities with two or more resident newspapers dropped from 10 to eight between 1970 and 1981. The total number of newspapers in the 11 cities which had more than one newspaper in either 1970 or 1981 has gone down from 26 to 22. We do not count the separate titles of the two-in-one newspapers here, since we are trying to get an idea of the number of major cities with competition between local dailies, and two-in-one titles can hardly be said to compete with each other. If we include Southam's Vancouver Sun and Province in this category, we are down to seven urban communities with local competition: Edmonton, Calgary, Winnipeg, Toronto, French-speaking Montréal, Québec City, and St. John's. These account for 49 per cent of daily newspaper circulation in Canada.

But the "number of cities in which competition between daily newspapers exists", to borrow a phrase from our terms of reference, remains problematical. In the old sense of head-to-head competition between similar dailies in the same morning or afternoon market, competition no longer exists at all. The last example of it was the battle of the afternoon papers in Winnipeg, the *Free Press* and the *Tribune*. (In Ottawa, the *Journal* had already gone to the morning before it folded and left the *Citizen* alone in the afternoon.)

Nowadays newspapers publishing in the same city tend to be directed toward particular segments of the market, geographic or demographic or both. Still, there remains a good deal of competition among them as they nudge into one another's segments. But attempts to start new competing papers within segments failed during the 1970s, notably in Québec City and Montréal where tabloids launched to do battle with Péladeau led short lives. The older type of market segmentation along political lines, which characterized both the English-language and French-language press in earlier times, was tried by *Le Jour* in Montréal. But it failed, even though the party it supported, the Parti Québécois, went on to win power after the newspaper's demise.

Other competitive elements are the availability of out-of-town papers in many places and the access of bilingual people to both English-language and French-language dailies.

Nationwide concentration

In our cross-country survey, we found many dominant positions: Southam with two-thirds of the circulation in both British Columbia and Alberta, Armadale with more than four-fifths in Saskatchewan, Thomson with almost nine-tenths in Manitoba, two-thirds in P.E.I., and more than four-fifths in Newfoundland, the Irvings with nine-tenths in New Brunswick. Only three provinces — Ontario, Québec, and Nova Scotia — do not have two-thirds or more of their circulation in the hands of a single chain.

Chains accounted for 77 per cent of all copies of daily newspapers published in Canada in September, 1980, an increase from 58 per cent 10 years earlier. The movement in the past decade has been clear-cut. Except for the sale of the Sherbrooke Record by the Sterling chain to an independent owner, it has been all the other way: from independent to chain, and from chain to chain in the case of the biggest transaction in the history of Canadian newspapers, the purchase of FP Publications by Thomson in January of 1980. FP had been, by a shade, the highest-circulation chain in 1970, with 21.8 per cent of English-language circulation.

In looking at the national scene it is appropriate to describe the two linguistic audiences separately. Not only are their different cultural traditions reflected in differing traditions and styles of newspaper journalism, but their different "demographics" also result in different kinds of markets. The bulk of the French-language readership is concentrated in an area little larger than Belgium, and within that area into a metropolis (Montréal), a big city (Québec), and a few small cities; there are no parallels to the Victorias, Saskatoons, Windsors, or Saint Johns. The conditions of the French-speaking market give most of its papers a reach and resonance within the whole community that is unknown to the newspapers spread through the far-flung regions of the English-language community. In the French-language market, reader-

Percentage of provincial circulation by chains and independents Quor Southam So Quebecor Bw Bowes Ges Thomson Th Gesca **Johnston** Sun Sun UniMédia UM ... Armadale Independent Sterling **Irving British Columbia** 65.8% So 22.4% Th 2.4% Bw 3.8% Ind 5.6% Th Alberta 65.1% So 23.1% Sun Saskatchewan Manitoba 87.1% Th 12.9% Ind Ontario 10.6% Sun 39.4% Ind 27.3% Th 22.2% So Québec 19% So 12.5% UM 39.8% Quor 24.6% Ges **New Brunswick** 90.6% Irv 9.4% Ind Prince Edward Island 32.5% St 67.5% Th Nova Scotia 73.4% Ind 26.6% Th Newfoundland 16.5% Ind 83.5% Th

Yukon

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ship of weeklies has been stronger, of dailies weaker, than in the English-speaking market. Smaller cities in Québec are less likely to have their own dailies than are those in the rest of Canada.

On the English-language side, the share of total circulation controlled by chains increased from 59 per cent in 1970 to 74 per cent 10 years later. Thomson and Southam were the major gainers. Toronto Sun Publishing was the major new entrant and competitor. These three owners alone controlled 67 per cent of circulation in English and half of all English titles.

In 1970, the Thomson organization's chain of small-town monopoly papers accounted for 10.4 per cent of total English-language circulation. By the time it had swallowed FP and disposed of unwanted bits, Thomson was up to 25.9 per cent and owned 40 titles, including two of the most highly respected in Canadian journalism, the Toronto Globe and Mail and the Winnipeg Free Press. Several moves by Thomson combined to carry its preference for monopoly positions into its new field of operations in major cities: the merging of the two papers in Victoria, the sale to Southam of ownership shares in Vancouver and Montréal, the emergence of monopoly positions for Thomson and Southam in Winnipeg and Ottawa respectively (soon challenged, however, in Winnipeg), and the drive to make the Globe and Mail a one-of-a-kind English-language national newspaper. Thomson also remained active during the decade in picking up small-town daily monopolies, acquiring four in Ontario and two in Nova Scotia, and turning its Vernon, B.C., weekly into a daily.

Southam had 21.5 per cent of English-language circulation in 1970, and was number two by three-tenths of a percentage point behind FP. In 1980, it was number one at 32.8 per cent, having bought three monopoly newspapers, obtained English monopolies in Montréal and Ottawa through the death of rivals, and bought full control of Pacific Press, which publishes the two major Vancouver papers. It owned 14 titles. By contrast with Thomson, Southam had in the past run most of its papers in competitive situations; by 1980 these had been reduced to two: Edmonton and Calgary. One must assume that in Vancouver the rigors of competing with itself through the Sun and the money-losing Province were felt by Southam to be less taxing than risking competition with a new entrant if the company either merged the two papers or turned them into a two-in-one combination. We no longer count them as competitive.

In 1970 neither the Toronto Sun nor its chain existed. By 1980 it had three newspapers (one of them formerly owned by the front-runner of 1970, FP) and controlled 8.3 per cent of national English-language circulation.

Other English-language chain ownership is divided among smaller groups, some with dominant provincial positions mentioned earlier. The Irving family during the 1970s split ownership of its newspaper holdings between brothers James and Arthur, on the one hand (Saint John), and another brother, John, on the other (Moncton and Fredericton). Their father, through K.C. Irving, Limited, retained a minority interest in Saint John. Together, the family controls three per cent of national English-language circulation through five New Brunswick titles. Michael Sifton, through Armadale's Regina and Saskatoon papers, controls 2.7 per cent. The new Sterling chain accounts for 1.1 per cent. And for those keeping close tabs on the Commission's arithmetic, we mention Bowes Publishers (papers in Kenora, Ontario, and Fort McMurray and Grande Prairie, Alberta) at two-fifths of one per cent, and

— tiniest chain in the country — Northumberland Publishers Limited, which consists of James Johnston's papers in Cobourg and Port Hope, Ontario, controlling one-fifth of one per cent.

In the French-speaking community, which accounts for 18 per cent of Canadian circulation, all but the circulation of L'Evangéline of Moncton and less than half the circulation of Le Droit of Ottawa is in Québec. Concentration into chains is far more advanced than in the English-speaking community. One way and another, chain ownership went from 49 per cent of French circulation in 1970 to 90 per cent 10 years later, all of it under three owners, and embracing all but three of the 11 French titles.

Quebecor Inc. under Péladeau, with only two daily titles, in Montréal and Québec City, accounted for 46.5 per cent of French-language circulation in 1980, up from only 11 per cent in 1970.

Desmarais, with four titles controlled through Gesca Ltée, had slipped from 38.2 to 28.8 per cent as *La Presse*, affected by a prolonged strike and Péladeau competition, lost circulation, while his three smaller dailies in Trois-Rivières, Sherbrooke, and Granby made modest gains.

The third of Québec's "big three" of newspaper publishing, Jacques Francoeur, controlled 14.7 per cent of French-language circulation in 1980 through his two UniMédia titles, in Québec City and Chicoutimi respectively.

In both French-language and English-language markets, however, the term "concentration" has a much broader sense than the mere common ownership of newspapers. Chain ownership has brought with it, for example, strong geographic concentration of head offices. This may not be so unusual in the compact French-language market for dailies, though the fact that corporations controlling 94 per cent of circulation in French are all clustered in Montréal is striking. More extraordinary in a community as spread out and regionalized as English-speaking Canada is the fact that 83 per cent of circulation is held by corporations based in Toronto.

Another aspect of newspaper concentration is the increasing tendency of both chains and independents to become diminishing components of media conglomerates or, in a more extensive form of concentration, mixed conglomerates. For example, Canada's largest daily newspaper, the Toronto *Star*, accounts for only 37.6 per cent of the revenue of the Torstar conglomerate. The Southam newspapers are moving toward a minority position in Southam Inc. The Canadian Thomson newspapers are but a small part of the multinational, mixed conglomerate operations of the Thomson interests. Similarly, the Gesca papers are small in relation to the vast and varied operations of Desmarais' Power Corporation of Canada. The Irving newspapers in New Brunswick are a fraction of the Irving interests in New Brunswick, Eastern Canada and internationally.

Nor is that by any means the end of the ramifications of concentration of ownership and control in the Canadian daily newspaper industry. Through The Canadian Press, their chain-dominated co-operative news agency, the newspapers provide the principal common news service not only for themselves but for radio and television broadcasters as well. This is in addition to the cross-media ownership of newspapers and broadcasting stations that is to be found in many parts of Canada, though the Canadian Radio-television and Telecommunications Commission has

been keeping it in check in recent years. Another aspect of concentration concerns inter-conglomerate ventures such as the Southam-Torstar domination, in co-operation with the federal Government, of the marketing of videotex.

A problem in many countries

Concentration is not, of course, unique either to the newspaper business or to Canada. In most of the advanced industrial nations, the newspaper sector is less concentrated than some other industries. Different countries have different types of general legislation to discourage concentration and encourage competition. Often they also make special provision for press competition on the ground that the availability of choice to the consumer is more important in this field than in others. Many countries have measures to support the press in general and, going beyond that, particular measures either to help newspapers in difficulties or to encourage new ones. Behind all these policies is always the political concern that the public in a democracy has a right to be informed, and that a variety of news and views in the daily public prints is essential to that end.6

Britain has had no fewer than three Royal Commissions of inquiry into the press since World War II. Sweden, which has gone further than any other country in providing for press pluralism, has also had three national inquiries in the same period. Many other countries have had governmental inquiries into newspaper problems. On behalf of the western European democracies, the Council of Europe sponsored a study by a Committee of Experts which reported in 1974.7 The Council then adopted a resolution urging member countries to give public aid to newspapers in order to maintain a plurality of editorial viewpoints. The Committee of Experts had reported that, between 1955 and 1973, the number of "independent editorial units" in the member countries had declined by 35 per cent, while circulation had increased by 95 per cent over the same period. The average percentage of newspaper circulation controlled by the four largest owners in each country had increased from 35 to 45 per cent; that is, it was still a good deal lower than the percentage of circulation controlled by the three largest owners in either the French-language or English-language markets of Canada today. The European Committee observed: "While generalized assistance might keep the wolf from the door a little longer, it would not by itself change the underlying trend." It remains true today, however, that in most advanced democratic countries at least half the cost of all assistance to the press is in the form of generalized assistance. In Canada, all assistance — excise tax and postal concessions — is of this type.

Roughly speaking, concentration of ownership and control tends naturally to be greater in small markets than in large, especially if the population of the smaller one is concentrated in large urban centres. The United States has less concentration than France, France less than English-speaking Canada, and English Canada less than French. The alarm bells tend to ring first in the smaller markets. Sweden, Norway, Denmark, the Netherlands, and Belgium have all taken extensive measures to try to maintain the ideal of "many voices" in their press. In Canada, the only effective action yet taken against press concentration was in Québec, where the government of Robert Bourassa, backed by an expressed body of opinion covering all political parties and a wide range of social sectors, was able to keep Québec City's *Le Soleil* out of Paul Desmarais' Gesca chain without recourse to legislation.

The United States has used a combination of anti-trust laws and regulatory authority in broadcasting (through the Federal Communications Commission) to much greater effect than Canada has used similar means to prevent local and regional concentration. Anti-trust provisions in the U.S. are somewhat offset by the Newspaper Preservation Act of 1970, providing for a "joint operating agency" under which a "failing newspaper" can be operated jointly with another newspaper to cut costs. This Act has been widely criticized on the ground that it preserves concentration by barring the way to real competition which might be offered by a new entrant if the failing newspaper were simply allowed to fail. Still, under anti-trust laws, U.S. owners have been prevented from buying additional newspapers in regional markets where they are already strong.

The FCC has for some years sought to prevent local cross-ownership of newspapers and radio and TV stations in the issuing of licences. Beyond that, it has been upheld by the Supreme Court in ordering divestiture of local cross-media holdings. The U.S. thus meets the leading concerns expressed in Canada by respondents to the Commission's national readership survey. Of the survey respondents, 79 per cent said they would be concerned by common ownership of television, radio, and newspaper outlets in a local area, while 78 per cent said they would be concerned by common ownership of all the daily newspapers in a province, and 72 per cent by common ownership of "all local papers".

To take a quite different kind of newspaper situation, Sweden has enacted the broadest range of newspaper preservation measures of any country. There the newspapers, by contrast with Canada, had retained into modern times their alignment with political parties. Sweden — more particularly those of its political parties with papers losing circulation to the commercial press — wished to encourage continuing diversity. As in Canada, it was left-wing viewpoints that tended to be under-represented as commercialism increased its hold.

Sweden's policy of press support includes both general and particular assistance. General measures include reduced postal rates, placing of government advertising, a favorable tax system, and state aid to political parties that may be used to help finance newspapers. Particular measures include production subsidies based on the amount of newsprint used for editorial content. The subsidies go to newspapers with less than 50 per cent coverage in their home markets, and to papers which pool production, distribution, administration, and advertising sales services. Finally, low-cost loans are available to help finance modernization and rationalization of existing papers, as well as to assist new entrants deemed likely to qualify for production subsidies after a year's operation.

An eight-member Press Subsidy Board appointed by the Swedish government administers both the subsidy and loan programs. The board includes three press experts and five members of parliament representing all political parties. In 1980 the subsidies amounted to \$80 million. The Swedish system appears to have worked in preserving newspapers, if not in encouraging new ones. It is tied closely to the Swedish tradition of strong state concern for the common weal accompanied by democratic safeguards such as freedom of access to government information and the post of ombudsman.

Other countries have widely varying newspaper situations and public policy approaches. In the Netherlands, the number of independent newspapers was halved,

from 56 to 28, between 1955 and 1975, and there is now widespread sharing of both editorial and advertising services in networks of newspapers. An unusual subsidy scheme was in place between 1967 and 1974, under which 40 per cent of broadcast advertising revenues were redistributed, 85 per cent to newspapers and 15 per cent to magazines, for a total of \$39,566,850 over the period. Following abandonment of the scheme, a Press Fund was established by the government to provide daily and other newspapers with loans or credit facilities to assist them in technical reorganization and restructuring. The desire to retain a variety of religious as well as political opinion in the press has been a strong reason to preserve pluralism.

France experimented with, but dropped, various grant schemes to help newspapers offset the cost of newsprint. One scheme was geared to lower-circulation papers with small advertising revenue. As in other European countries with government-owned telephone and telegraph systems, newspapers are given concessional rates. The government-owned railways offer a 50 per cent reduction in rates on transport of newspapers. France also has a wide array of tax concessions to newspaper publishers.

West Germany offers an exemption from value-added sales tax to newspapers with circulation below 160,000, and provides an investment allowance against tax for small and medium-sized newspapers.

Britain provides postal concessions, and grants newspapers zero-rating for value-added sales tax. The successive Royal Commissions have had little effect, though the first did lead to establishment of a press council. The second brought about special guidelines for newspaper acquisitions under the merger and monopoly legislation in 1965, but the net result has been one ruling against the purchase of a weekly by a group operation. Recently, Rupert Murdoch, the owner of the country's largest daily, the *Sun*, and its largest Sunday newspaper, the *News of the World*, was permitted to take aboard the prestigious *Times* as well, though only after agreeing to guarantee its editorial independence from the owner: that is, himself.

In Australia, like Canada a federation, the population is concentrated in a few big cities, and 16 metropolitan dailies dominate the newspaper scene. Most are controlled by three groups (one of them Murdoch's). Newspapers are allowed to own a limited number of radio and TV licences under federal regulation.

Japan, through its customary harmonization process involving government, management, employees, and financial interests, has taken unusual measures to preserve the stability of its extraordinary national press. Of 104 national, regional, and local daily papers, five big nationals control 54 per cent of circulation. They include some of the biggest individual daily circulations in the world. These are two-in-one papers for the consumer as well as the publisher, since delivery of morning and afternoon editions can be ordered for a unit price. Combined morning and evening daily circulations in 1979 were: *Yomiuri*, 13,300,000; *Asahi*, 12,200,000; *Mainichi*, 7,100,000; *Chunichi*, 4,200,000; *Nihon Keizai* (a financial paper), 2,960,000; and *Sankei*, 2,940,000. By contrast the biggest circulation in Canada in September of 1980 was the Saturday Toronto *Star* at 772,600. The *Star*'s average daily circulation over seven days was 503,000.

In the 1950s, a circulation war among the major dailies in Japan was ended when, at the request of the dailies themselves, a ruling was handed down under the

Anti-Monopoly Law against cut-throat competition. Inducements in cash or kind to increase circulation were forbidden; competition was to be based on editorial quality. During the recession of the late 1960s, the newspapers co-operated by not trying to expand circulation at the expense of competitors. In 1977, when *Mainichi* was in trouble, no takeover bid was made, as might have happened in the European countries, the United States, Canada, or Australia. Instead, a broad consortium was put together, including an employees' group, banks, management, and other financial interests, to keep the paper going.

All the countries surveyed by the Commission have, in their various ways, done more than has Canada to provide for a pluralistic press, though Canada has a higher degree of concentration than most of them.

The Davey legacy

An attempt to alert Canadians and their federal Parliament and Government to the inroads of concentration of the press came in 1970 in the report of the Davey Committee. Although it dealt with all the mass media, its chief concern was the daily newspaper, largely because the broadcast media were already under the regulatory authority of the Canadian Radio-television and Telecommunications Commission (CRTC). The Committee's main recommendation to stem concentration in the newspaper industry was not taken up, but it and other proposals were a strong influence on interest groups and individuals with special concern for the press. When the present Commission began its work, the Davey Report served as a point of departure, not only for the Commission itself, but for most of those who submitted briefs and appeared at public hearings.

What was the Davey legacy? First, it was an eloquently expressed view of journalism and society. Second, it was a series of proposals issuing from that view. "What matters," said the Committee, "is the fact that control of the media is passing into fewer and fewer hands, and that the experts agree this trend is likely to continue and perhaps accelerate." How right they were. The Committee held that "this country should no longer tolerate a situation where the public interest in so vital a field as information is dependent on the greed or goodwill of an extremely privileged group of businessmen".9

The report went on to say, "The principle is now well established that the state has a right to safeguard the public's right to information by approving, disapproving, or disallowing various property transactions within the broadcasting industry. The Committee believes it is time for this principle to be extended to include the print media."

The instrument proposed was a Press Ownership Review Board, its competence extending not only to the daily press but to weeklies and periodicals as well. The board would have had one basic guideline: "... all transactions that increase concentration of ownership in the mass media are undesirable and contrary to the public interest — unless shown to be otherwise." The board would have examined any proposed newspaper or periodical takeovers to determine whether or not they were in the public interest. Appeal against its rulings would have been to the Federal Court of Canada. The Davey Committee likened its proposal to the monopolies and merg-

ers procedure in relation to the press that had been in effect in Britain since 1965, though in fact the Davey proposal was for a decision-making rather than a merely advisory body.

It was specified, however, that the board should have no control over content, as the CRTC did in broadcasting; instead, newspapers were urged to respond on their own to the need for accountability to the public by establishing press councils in which the government would take no part.

Of the board, Davey said, "Its sole concern — and the source of its constitutional authority — would be the investigation and regulation of ownership concentration in the printed media, an area that at present appears to be outside the competence of existing anti-combines laws, and which cannot be effectively regulated by purely provincial enactments." It is clear that, had the board been established in accord with the Davey proposal, the takeover of the FP newspapers by the Thomson organization would not have been permitted.

Among the Davey Committee's other proposals was one for a Publications Development Loan Fund, which was directed more toward fostering a variety of magazines than toward the newspaper industry. Other recommendations urged establishment of new journalism schools, improvement of training programs and, as mentioned, establishment of press councils. These proposals proved influential in the 1970s, as succeeding chapters will show.

The Davey Committee foresaw an objection to its proposal for the Press Ownership Review Board: "the 'stable door' argument" that it was too late to do any good. The same argument has been the *leitmotiv* of critical comment about the present Commission. Davey simply observed in 1970 that there were still plenty of potential mergers that could be stopped. There is obviously rather less scope today. Returning to the metaphor, however, we would observe that it is inappropriate to our purposes. The Commission has not been thinking in terms of closing doors on horses in stables. On the contrary, if we must speak about horses, let them run free, frisk about the meadows, jump the fences.

To be more mundane, whatever the merits of the "stable door" argument, then or now, new times bring new circumstances, new situations, new problems, new possibilities. But the dictum in the Davey Report still holds: "The only reliable rule appears to be that good newspapers usually happen when (a) the operation is financially secure and (b) people who care more about journalism than about balance-sheets control the editorial product."

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The public trust

T is generally agreed that the press has a responsibility to the public although there is little agreement on how to define it and even less on how to put it into practice. The existence of such a responsibility is, however, the cornerstone of the Commission. Without social responsibilities, the press would be but a business like others and the market its only law. There would be no special reason for the prime representative of the citizen, the State, to become involved. But what exactly is the responsibility of the press? On what philosophical and moral principles is it founded? On what historical traditions; what ground of law? What do owners, publishers, editors, reporters, and readers think and say about it? Here we examine all that constitutes the motivating force and moral framework of journalism.

Without going back to Socrates, who interviewed Athenians to discover the truth, it can be affirmed that journalism has as its philosophical ideal the quest for what is true and right. But it is difficult to turn this into a yardstick to measure the performance of the media. For a simple reason: the truth is as diverse as mankind. Most often, it depends on power and ideology. It is not surprising that the dignitaries of Athens condemned Socrates to drink hemlock. His search for truth threatened their truth; that is, their power. It is not surprising either that when printing was invented in the 15th century, it was immediately monopolized by the Church, whose power in the Middle Ages was practically without limit. The first printed books and newssheets thus fell under the imprimatur of the princes of the Church and monarchs who ruled by divine right. They imposed their absolute truth on everyone, and those daring enough to stray from it went to moulder in dungeons dark and foul. The unprecedented intellectual and social ferment of Elizabethan England was manifested in a profusion of printed texts of every sort. As a critic of the time put it, "Scarce a cat can look out of a gutter, but starts a half-penny chronicler." And many were those who came to repent of their writings in the sinister Tower of London.

Truth, in those days, was the prerogative of a few, mitred or crowned heads, and it necessarily flowed from on high. Church and State could do no wrong; to criticize either was a serious offence, indeed a crime. This authoritarianism prevailed every-

where in the West in the centuries that followed the invention of printing and, in one form or another, it prevails in most countries even today.

Journalism was able to develop its potential only when this authoritarian yoke was shaken off under the combined pressure of the rise of parliamentary supremacy in England and the widespread intellectual emancipation in the Age of Enlightenment. Out of these struggles came the American and French revolutions and above all the modern notion of democracy. The human being was henceforth seen as a rational being, capable of distinguishing the true from the false, and for whom freedom was the greatest good. The quest for truth became everybody's business, and the press from that moment on had an indispensable role to play. It was no longer to be an instrument of governments, but a means of exposing facts and arguments that would allow people to judge governments. Thus, it was essential that freedom of the press and of opinion be complete, that the greatest number of voices be heard. The clash of opinions struck flashes of light.

This libertarian concept gave rise to the prodigious development of the press in the 19th century when even the humblest printer became a gazetteer. But industrial development and the rise of the mass media put an end to the proliferation of papers for every viewpoint. Because of the large amounts of capital required to put out a newspaper, the press became concentrated in the hands of big business. Diversity of opinion was placed in jeopardy. Freedom of the press ultimately came to depend on an increasingly restricted ability to publish or be published. As in old authoritarian days, the definition of truth once again risked becoming the prerogative of a few, now the few who had the power of money. It was to ward off this danger that the notion of the social responsibility of the media was born.

Just as it was necessary at first to keep the press out of the clutches of the State, so was it necessary in the age of mass communications to protect it from the abuses of the industrial plutocracy. The Hutchins Commission on the Freedom of the Press laid down in the United States in 1947 the concept of the social responsibility of the media and its corollary, the public's right to information. This new notion mitigates the shortcomings in the libertarian model. It assigns to the media a social obligation, all the greater if they enjoy a monopoly and the public is thus at the mercy of the information they provide. In Britain in 1949, the first Royal Commission on the Press was inspired by the same principles to advocate the establishment of a press council which would keep an eye on the media to see if they fulfilled their duty and provided complete and honest information. The idea of social responsibility was also gaining ground in Canada. The legal principle had been recognized by the Supreme Court as early as 1938. But it was the social pressures of the 1960s that led to concrete action, such as the Davey Committee and the creation of press councils. The Davey Report made a notable contribution by assigning a precise role to the press. It was to prepare society for change so that it might avoid "future shock". This new notion took on particular significance and intensity in Québec because of specific historical and social circumstances.

Visiting North America in the last century, Alexis de Toqueville² remarked that American newspapers were three-quarters advertising and the rest mainly news. Opinion and debate had little place, in contrast to French papers which were filled with political discussion. These traits illustrate in broad lines the difference between the American and European traditions. English-speaking Canadians have followed

the former, while French-speaking Canadians have been more inclined toward the latter. Even if anglophones, like francophones, had to wrest freedom of the press from an autocratic colonial government — one thinks of Howe being hauled before the courts in Nova Scotia, of Mackenzie's presses being thrown into the river, of Bédard and Blanchet being put in prison in Lower Canada — even if the tradition of partisan papers flourished on both sides, the English-language press very early staked its fortunes on advertising and the support of business, while its French-language counterpart founded itself on the support of elites, lay and clerical, whence its ardor in defending the faith and the language of a threatened people. On the one hand, then, the primacy of commerce, the ideology of economic progress of which politics was only an instrument; on the other, the primacy of spiritual and historical transcendence.

French-language Canadian journalism had a mission from the start: to save the race, as used to be said, and this sacred duty prompted a certain disdain for mere "hard facts", and a strong inclination toward analysis, patriotic dissertations, and preaching. The pantheon of French-language journalism in Canada is peopled overwhelmingly by pamphleteers and editorialists. The ordinary reporter has no place. In short, in a society guided intellectually and morally by a newspaper called *Le Devoir* (Duty), the notion of social responsibility found particularly fertile ground, and this is why it is more vigorously asserted there than elsewhere. We shall see examples throughout this report.

Within the general concepts that we have just mentioned, the press in Canada follows six distinct traditions, as Donald R. Gordon has written. First, a tradition of free enterprise, which makes it an integral part of the capitalist market; a tradition of service toward the reader, the local community, and the nation; a tradition of expressing ideas and opinions on public events and personalities; a tradition of variety in news and commentary in order to attract and interest as many readers as possible; a tradition of advertising, considered not only as a source of revenue, but also as a public service; and, finally, a tradition of conservatism, which Gordon describes as follows:

Because of their relatively great age, their close association with the established authorities of business and the state, their own considerable investment in plant and equipment, and their long experience with the need for thought and moderation in making changes, the press frequently tends to view the agitations, whims and fancies of the moment with great care and sensible suspicion.³

It is within this long-established and rarely questioned framework that the journalist has to work in searching out and reporting the truth. For this is the profession's primary responsibility, the ideal, which remains unchanged across eras and ideologies. The former publisher of the Vancouver Sun, Stuart Keate, summed it up this way:

Any publisher, editor or reporter worth his salt recognizes that he has only one basic duty to perform: to dig for the truth; to write it in language people can understand; and to resist all impediments to its publication.⁴

The tradition inherited from Europe, the United States, and early colonial times would have journalists justify freedom of the press not only by treating events and

persons with fairness and impartiality, but also by considering the welfare of the community and of humanity in general in a spirit devoid of cynicism. This assigns to the press a Platonic ideal, rarely attainable, but ever a goal for editors, staff, and readers alike.

In fact, in everyday life, the journalist often must refer to the commonly accepted ethical code to answer two questions: first, "Is what I am analyzing, criticizing, or reporting of some interest to the community?" The second concerns fairness: "As a journalist, am I dealing fairly with my subject and my readers? That is, am I covering all the important aspects of the question, and am I taking them all into full consideration?" The notion of fairness has replaced objectivity which was discredited in the era of McCarthyism and battered throughout the 1960s by protest groups in the United States and elsewhere who saw in it a pretext for not taking a position, for maintaining a hypocritical neutrality that camouflaged complicity with those in power. The dispassionate journalism of the 1950s was followed by interpretative journalism and then by advocacy journalism. Today, journalists seek a more balanced position by treating people and events as fairly as possible.

Some newspapers and professional associations have already established codes of ethics to set out in more detail the responsibilities of the press. The Statement of Principles⁵ drawn up by the Canadian Daily Newspaper Publishers Association (CDNPA) is typical in this regard. Based essentially on the libertarian concept of the press, the document sets out the newspaper's responsibilities to its readers, shareholders, employees, and advertisers; it lays down principles of accuracy and fairness in the treatment of news and in commentary; it affirms the necessity of a newspaper's independence if it is to avoid conflict of interest; it cites the right of privacy in daily life and, finally, the moral obligation of openness to different opinions, minority as well as majority.

The evolution of journalism has been similar in most Western countries where the press has not been muzzled. The establishment of powerful press empires, as in West Germany, does not fail to provoke debate on social responsibility. In many Third World countries, however, the press has still to undergo its libertarian revolution and cut itself off from political power.

Communist regimes have a particular conception of the press which harks back to former authoritarian notions. The difference is that here the truth does not come down from on high but emanates from the proletariat. In both cases, there is a small group of official spokesmen who impose this truth on everyone. The Party represents the people, thus it must necessarily possess the common truth. Facts and events are unimportant in themselves. What counts is their interpretation, and their significance for the future of communism. Contrary to the Western way of thinking, which presumes that truth has many voices, Marxism-Leninism holds that there is but one truth, that of the Party. Thus it is quite logical that the official mouthpiece of the Communist Party in the USSR, the country's most important newspaper, is called *Pravda* (Truth).

Freedom of the press, which generations of pamphleteers, printers, and journalists wrested by struggle over the centuries that followed the invention of printing, permitted the remarkable growth of information that one sees today in the Western world. Threatened as it always is by political, economic, and other powers, it remains the protector of the profession and the industry. For 100 years or so, the evolution of

the libertarian principle in Canada has permitted the press gradually to escape from the narrow confines of political fanaticism and religious sectarianism, to give up vindictive rhetoric and blinkers of prejudice, and to adopt the standards of honesty, fairness, and open-mindedness necessary to interpret for the public the manifold variety and complexity of the contemporary world. The evolution of these concepts and principles could not have produced this result, however, without a parallel evolution in jurisprudence.

The evolution of legal principle

The proliferation of printed matter of all kinds that we see today has been made possible only because of the gradual recognition of the right to the free expression of ideas. This right was established slowly through centuries of authoritarianism. From the recognition of the principle to full protection in law, the road was long and arduous.

In the 16th and 17th centuries, in England as in France, almost nothing could be printed without royal or clerical sanction. The repeal of the Licensing Act in 1695, which paved the way for the development of freedom of the press in England, although this freedom was hampered for a long time by the Stamp Act and the Libel Act, did not follow from the principles of liberty set forth by Milton, but from Parliament's desire to put an end to practices that bothered merchants in the City. Here we see a dividing line marking the profound difference between English and French jurisprudence. While the one would legislate for concrete situations, the other would tend to lay down universal principles which in reality would remain more or less a dead letter. Thus at the time of the French Revolution, the Declaration of the Rights of Man recognized in principle the right to publish and print opinions but the practice was limited by the state. During the 19th century, France went through successive periods of imposition and abolition of censorship, until the Law of July 29, 1881, which made freedom of the press a reality. In the meantime, the French press was the subject of a great number of recommendations and regulations by the omnipresent state. English practice was entirely different.

In fact, British jurisprudence does not recognize any special freedom of the press. Anything that is printed goes — as an extension of freedom of opinion — as long as one does not break the law of libel or other laws. In other words, such freedom is absolute as long as it is not used to damage someone's reputation, act immorally, or betray the nation. And what gave real meaning to freedom of the press in Britain was the rule of law. This allowed a more explicit rendering, case by case, of the libel law which at first served authorities as a weapon to fend off all opinions or information that disturbed them. In 1835, sued for libel and practically convicted in advance, the publisher of the *Novascotian*, Joseph Howe, set a precedent in Canada by getting the jury to recognize the primacy of truth and the public welfare above all else.

In the United States, the great democratic thrust of the Revolution led to a guarantee of the freedom of the press in the basic law of the land. It was the subject of the First Amendment to the Constitution, which today still serves as a safeguard for the freedom of the news media. The amendment — "Congress shall make no law...abridging the freedom of speech, or of the press" — sets forth distinctly two rights which are usually not differentiated: the right of freedom of speech, and the

right of freedom of the press. So does the 1960 Canadian Bill of Rights. The "human rights and fundamental freedoms" to be protected are set out in separate clauses: freedom of speech in Section 1(d), freedom of the press in Section 1(f). In the Charter of Rights and Freedoms, proposed in Schedule B to the constitutional bill of 1981, "freedom of the press and other media of information" is set in a much broader context:

Everyone has the following fundamental freedoms:

(b) freedom of thought, belief, opinion and expression, including freedom of the press and other media of information...

The British Royal Commission on the Press, in 1977, had this comment:

Freedom of the press carries different meanings for different people. Some emphasize the freedom of the proprietors to market their publications; others, the freedom of individuals, whether professional journalists or not, to address the public through the press; still others stress the freedom of editors to decide what shall be published.⁶

These, added the Commission, are all "elements in the right to freedom of expression".

Recent international declarations of human rights have departed entirely from traditional usage: neither freedom of speech nor freedom of the press is mentioned as such. Their definitions are broader, they deal with the free flow and exchange of information, insisting explicitly on the necessity of keeping the avenues of communication open. Article 19 of the Universal Declaration of Human Rights (adopted in 1948 by the United Nations) provides that:

Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media, and regardless of frontiers.

Article 19 of the UN International Covenant on Civil and Political Rights is even more explicit. After affirming, in Section 1, that "Everyone shall have the right to hold opinions without interference", Section 2 states that:

Everyone shall have the right to freedom of expression; this right shall include the right to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing, or in print, in the form of art, or through any other media of his choice.

Obviously, the prodigious advances made in electronic communications make it increasingly difficult to refer simply to "the press". Definitions must be broadened. The importance of guaranteeing access to information, of all sorts, and inscribing it as a fundamental right is taking hold in the minds of all levels of society. The International Commission for the Study of Communications Problems (the McBride Commission) had this to say in its 1980 report:

Freedom of the press in its widest sense represents the collective enlargement of each citizen's freedom of expression which is accepted as a human right. Democratic societies are based on the concept of the sovereignty of the people, whose general will is determined by an informed public opinion. It is this right of the public to know that is the essence of media freedom of which the professional journalist, writer and producer are only custodians. Deprivation of this freedom diminishes all others....7

This, then, is the heart of the matter: the right of the public to information. From that right flow all the special rights and privileges we extend to the press, for, as Gordon Fairweather, chief commissioner of the Canadian Human Rights Commission, said in a 1981 speech, freedom of expression "cannot take place in the abstract but must occur through the use of various instruments".8

For many, the press, and particularly the daily newspaper, is the most important instrument. Cleo Mowers, former publisher of the Lethbridge *Herald*, said in a brief to this Commission:

The daily press, in this increasingly complex society, is the chief instrument for informing the people of the happenings, currents, dangers, and opportunities which they must understand for effective self-government and for preserving their society and civilization.⁹

He added that "newspaper publishing is therefore a solemn, serious, and essentially public responsibility".

We must now take a look at how the different parties involved in publishing a newspaper — owners, publishers, and journalists — view this responsibility.

Management's point of view

Few industries are based on philosophical and moral principles as is the press. Journalistic freedom, won and strengthened since the invention of printing, can nonetheless be defined and looked at differently depending on whether one is the owner, publisher, or editor of a newspaper. What is freedom for one may be undue privilege or a source of abuse for another. Freedom or licence, how to distinguish between them? It is interesting in this respect to see how management and journalists perceive their different roles.

Freedom of the press is a double-edged sword for the owner or publisher. The one edge serves as a defence against the outside, but the other is turned inward. It is the difference between enterprise and the duty to inform. Business is private, but information is public. Rapid industrialization of recent decades has turned this characteristic dilemma of the press into a question of profit and loss.

In general, the closer one gets to the business side, the farther one is from the profession and from purely journalistic ideals and principles. Consequently, the owner tends to think more of profit as the criterion for evaluating a newspaper than of conformity to ethical and intellectual principles. For Thomson, the primary responsibility of a newspaper seems to be its survival. "It has often been observed that the first responsibility of a newspaper is to survive." The same thing was expressed by Gordon Fisher of Southam. "One of our missions is to survive." For Péladeau, the main aim is profit. "Profit is the name of the game." He considers a rise in sales as the best proof that a paper is popular with the public, therefore good. Other owners are more circumspect. But it is evident that all tend to see the newspaper first and foremost as a business which, like others, obeys the imperatives of profit and loss. Profitability is understood as a duty since, without profit, the business could not survive and, consequently, could no longer provide this public service known as news.

Publishers of newspapers admit nevertheless that the press is more than a business, and that it fulfills important, indeed essential, functions in a democratic society. They subscribe to the commonly accepted norms of fairness, impartiality,

and diversity of news and commentary.¹³ At times, to counterbalance the enormous power they have on opinion, they impose rules on themselves.

The Southam chain, for example, has drawn up a code of conduct for its papers which it calls its "credo". 14 It is a collection of rules which in most respects a majority of traditional newspapers would endorse. Four objectives are sought. The first is to establish norms for evaluating performance and the integrity of the chain's newspapers; the second to affirm the full freedom of each publisher on editorial content; the third to affirm that each paper's columns should be open to the widest possible variety of subjects; the fourth to set forth the general principles upon which the publication of newspapers in Canada is based. It is stated simply that "freedom of the press is the right of all Canadians and one that publishers should preserve and defend. It is not a special privilege of the press, but a simple extension of the concept of freedom of speech." As for the rest, the Southam credo describes the desirable ingredients of news for every newspaper, the norms of quality and consistency, and the market that should be aimed at: the local community.

In the minds of newspaper owners and publishers, freedom of the press flows from freedom of opinion. It is a private right, one that is inseparable from the freedom to do business. They are loath to admit duties that prevail over economic responsibilities. Just as the shoe manufacturer knows that he must produce good shoes if he is to sell them, the newspaper publisher readily admits that a certain quality pays. Conformity to recognized ethical norms and to high standards of journalism makes it possible to keep both reader and advertiser. In a sense, it was economic development rather than social or moral or ethical considerations that forced the press to give up its religious and political affiliations. There are still many publishers who are not ashamed to admit their bias or to lead fierce political opposition, but the vast majority strive to present a wide range of opinion; only they want it to be of their own free choice. This is a very sensitive question with newspaper publishers: they consider any social responsibility imposed from outside, and especially by the government, as an intolerable blow to free enterprise in the press. For them, as Michael Sifton of Armadale Company Limited expressed it, it is freedom of the press that is the foundation of democracy, not the reverse. "As my father taught me early in my newspaper career, we have a democracy because we had a free press. We don't have a free press because we have a democracy."15

Newspaper publishers declare that the owner's influence extends mainly, if not solely, to the financial aspects of the newspaper. Content is the business of the publisher, who tends to see himself as the owner's representative. However, since publishing a newspaper has become a complex business, it is natural that the publisher be first and foremost a businessman. The necessity of dividing work in the large media companies has brought about a separation of the editorial department from the business side, and has forced the publisher to delegate his editorial powers to the editor so that he can concentrate more on management. The result is that the publisher becomes more sensitive to the opinions of the business world; his point of view ultimately comes closer to theirs than to any other group's and it is altogether likely this will influence the paper's orientation. How could it be otherwise, since, as a rule, the newspaper publisher moves in the same circles and breathes the same atmosphere as other businessmen?

The editor, on the other hand, is closer to the newsroom. His principal concern is the quality and effectiveness of the paper. While the publisher looks outward, attentive above all to the relations between the paper and the community, the editor's attention is directed inward, to the content, the substance of the paper. This does not, of course, exclude the possibility that the publisher will keep an eye on editorial content, and that the editor will concern himself with profit and loss. In fact, this is more or less how things work. The publisher of the *Gazette*, Robert McConnell, after speaking to the Commission of the growing responsibility his paper has toward the English-language community in Montréal since the *Star*'s disappearance, added that his primary responsibility was to the newspaper itself, as an institution, and to the people who work for it. 16 For him, quality of content is the best guarantee of circulation. For his part, the *Gazette*'s editor, Mark Harrison, considers that his primary responsibility is to the reader. "But I recognize that in order to discharge that responsibility effectively, the paper has to be a profitable paper." 17

1 ..

If it must be admitted that in general the notion of social responsibility has not caused great anguish among newspaper publishers up to now, it would nonetheless be wrong to believe that press executives see the world only in dollar signs. The truth is that many avowedly place their papers at the service of certain causes. Setting aside the intense provincial chauvinism of the Irving brothers, we could mention the Halifax papers' defence of the interests of Nova Scotia and the monarchy, the promotion of Canadian unity on the part of the publisher and editorialists of *La Presse*, that of Acadian survival by *L'Evangéline* of Moncton, the defence of the interests of francophones by *Le Droit* of Ottawa. The list could be extended. Even Quebecor's papers have found a mission: to get non-readers to read. It is true that in varying degrees each of these causes has a profitable side.

Perhaps the most authentic idealism still in existence in the Canadian press is to be found at the small daily on Saint-Sacrement street in Montréal. Le Devoir was founded in 1910 by Henri Bourassa to uphold the political and religious rights of French-speaking Canadians. This original mandate, rigorously respected throughout the years, makes Le Devoir today the conscience of French-speaking Canada. It must be said that the paper never sought to please everyone nor to maximize its profits. For a long time it survived on public subscriptions; only in the past few years has it been able to pay any dividends, still very small. Thanks to its unusual structure of ownership and management, it is the only Québec French-language daily not belonging to a chain. From the outset, Bourassa wanted to shield Le Devoir from political and financial obligations by establishing a publishing company, l'Imprimerie populaire limitée, and a trusteeship headed by a publisher appointed, in principle, for life and controlling a majority of shares. In fact, the trust was set up to hold the shares whenever the publisher's chair was vacant. The Imprimerie populaire and the trust name the publisher jointly. Being the majority shareholder allows the publisher total freedom from his board of directors, whose members he can appoint or dismiss at will.

If, as in the case of *Le Devoir*, financial independence helps bring a newspaper closer to the ideal of social responsibility, can it be said that the opposite, concentration, causes the paper to move away from this ideal? Although the two biggest newspaper chains in English-speaking Canada, Southam and Thomson, declare that they

allow full editorial freedom to local papers, there are those who believe that concentration of the press on its own produces laws that have nothing to do with social responsibility. According to Professor Henry Mintzberg of McGill University, "The very management control systems that chains tend to use, which separate the social from the economic goals in principle, in fact give rise to tendencies. . .which can inhibit social responsiveness in many cases, and in some cases, can even lead to social irresponsibility." 18

The journalists' point of view

At heart, every journalist believes that the press, despite its ups and downs, constitutes the foundation of all freedoms, and that he is one of the principal supports. If he is prevented in any way from reporting an event or from commenting on it as he sees fit, in his eyes democratic society could be threatened with shaking on its foundations. Young or old, he remains deeply attached to the image of righter of wrongs, watchdog of political integrity, that generations of intrepid reporters have forged for over a century and to which Bernstein and Woodward gave new life in uncovering the secret of Watergate.

The journalist likes to see himself as a pure seeker of truth, from which nothing or nobody can divert him. He is devoted first to the facts and to the reader; loyalty to the paper takes second place. Between pleasing the reader and pleasing the paper's management, the journalist would on the whole lean toward the former. But often, especially in the case of the less experienced journalist, this is a concern for an ideal reader who bears no resemblance to the real public. A survey¹⁹ of journalists at French-language dailies in February, 1981, shows clearly that this idealistic view is more common at papers aimed at the few than at those designed for a mass audience. The serious-newspaper journalist, with an intellectual mission, has a tendency to decide for himself what the public needs. At the opposite pole is the journalist who is sensitive to the public's tastes and wants. Thus 93.1 per cent of Quebecor's journalists say they pay attention to public wants. This attitude draws them very close to the company's managers, with whom they share the same marketing imperatives. Since purpose mothers practice, it could be said here: like newspaper, like journalist.

Inasmuch as Canadian journalists have an ideology, it is that of progress, as bequeathed to us by the philosophers of the 18th century. Most of the editorials and commentary in our papers can be summed up in a single sentence: "We can do better." Even if the notion of progress is being increasingly questioned, especially in ecological thinking, newspapers continue to take inspiration from it and to report the worst disasters without learning a lesson from them. This way of thinking goes hand in hand with a capitalism given to the unbridled exploitation of nature, as underlined by the critic, Northrop Frye.²⁰ What is important is not so much to know where one is going, as to go forward, to develop, to progress ever further. The press is all aboard this galley, and all the journalists bend to the oar with more or less conviction. Few know how to learn from the past, because they do not look backward; they are drawn by the future.

Though one may argue that the progressive-libertarian ideology permeates Canadian journalists, certain distinctions have to be made in the case of francophones. Because of the particular character of their society and culture, French-speaking journalists have always regarded North American liberalism with distrust.

They tend to see it as a dangerous jungle threatening the survival of their minority group, and hence to fight for collective rather than individual rights. This is why the notion of social responsibility of the media has struck a more sympathetic chord in Québec than anywhere else in North America. In a sense, this notion has never been foreign to Canada's French-language press. The French-speaking journalist, like the priest or politician, has always, willy-nilly, been invested with a certain nationalist mission.

In 1960, the Quiet Revolution, unleashing criticism of institutions and attitudes, opened a veritable Pandora's box. Out of it soon came the radical questioning of all the institutions of Québec society, federalism and capitalism included. The rise in the newsrooms of trade unionism coupled with leftist thinking called in question the very foundations of the traditional press whose inspiration was libertarian. As described in a report prepared for the Commission, "Where American ideology insists on the moral aspect (the notion of social responsibility implying that the paper must and can accept a duty toward society), the Québec ideology tends to give to the same basic principle a political and more combative sense; thus, many critics of the Québec press look at it from a Marxist standpoint, the interests of the business being seen as impossible to reconcile with those of the public."21

Long strikes, the disappearance of several newspapers, unfortunate experiences with joint management, and the assumption of power by a highly popular party have all contributed to cooling the burning enthusiasm in the newsrooms of Québec. At the same time, the rise of the Quebecor papers has brought to journalistic ranks a pragmatism that is diametrically opposed to the ideological and trade union militancy which, moreover, shows some signs of waning, the 1981 strike at *Le Devoir* possibly being its last gasp. The criticism which the newspaper business in Québec has undergone for the past 15 years, and which at times has provoked searching debates on the very nature of news, is perhaps about to boomerang on the profession. The spotlight is no longer focused on ownership and management of the newspapers, but on their content. It is journalism itself, its quality, its relevance, which is in question, creating a connection with concerns already noticeable in English-speaking Canada.

A definite malaise, though diffused, is being felt in the country's newsrooms, as a coast-to-coast survey shows.²² The concern is not so much about the future of newspapers, the majority of journalists believing that in one form or another newspapers will survive for some time; rather, the concern is about quality. Most journalists are aware that the press has lost prestige because it often lacks depth. They believe that newspapers should set more audacious goals: get to the bottom of facts and events, go beneath the tip of the iceberg, grapple with difficult, complex, but important subjects, and expose them, explain them clearly to the public, bring out the deeper significance of events, in short, assume the responsibility of finding and publishing what the public should know rather than seeking to satisfy the lowest common denominator of popular demand as determined by market studies and advertising surveys.

The prevailing opinion in newsrooms is that newspapers would improve if managers were at least as interested in journalism as they are in bookkeeping. But despite the grumbling, the demands for quality have not provoked a general uprising among journalists, at least not in English-speaking Canada. However, although jour-

nalistic excellence has not up to now been the major worry of the Newspaper Guild, there have been signs of concern about the subject in recent years. One example is the setting up of a Centre for Investigative Journalism, a joint undertaking of French and English-speaking journalists to upgrade the profession and fulfill one of the essential duties of the press: to dig out the truth beneath the avalanche of events.

The union point of view

It is among the journalists' associations and unions that the notion of social responsibility of the media finds its most ardent defenders. Moreover, they use the notion often to aggravate the antagonisms between the profession and the industry.

This phenomenon is particularly evident in Québec where unionism has gained much influence in the newsrooms. In English-speaking Canada, unions and journalists' associations are not strong enough to allow one to speak of specific tendencies. In general, except in British Columbia where the unions are more radical and resemble, in this respect, those in Québec, anglophone journalists do not question the structure and general principles of the traditional libertarian press.

However, leftist ideologies — of which the CSN (Conféderation des syndicats nationaux) is accused of being a propagandist through the intermediary of the FNC (Fédération nationale des communications) — have not made much headway among journalists who, as individuals, tend to be liberal. Lysiane Gagnon²³ has given a good description of the tension that exists in the newsrooms between the "workers" mentality and that of professionals. The former, regarding the journalist as a simple "intellectual worker", is the winner in time of conflict. But many militant union members see their participation in the newspaper solely from the standpoint of a collective agreement. They become extremely punctilious about respect for the letter of the agreement, but go beyond good sense and the requirements of journalism where work schedules are concerned. These news "workers" are always on a war footing and tend to consider any managerial staff — journalists and administrators alike — as the enemy.

In general, journalists' unions and associations tend to think, and to repeat, that the press is first and foremost the concern of journalists. They argue first that the journalist, better than anyone, is able to defend the public's right to information, and assure a true diversity of opinion in the press; second, they argue that the managers and even the owners of newspapers should be journalists whenever possible; third, that the ideal solution would be for an editorial association to take over the business or at least manage the editorial side. This practice, which one finds in Europe, has had some well-known failures, at *Québec-Presse* and especially at *Le Jour*, where the fights and the firing of journalists by their peers left lasting scars in the milieu. For the moment, joint management has made more progress at *Le Devoir* than anywhere else; there, the journalists' union takes part in an editorial committee and in a business committee which gives it the right to inspect the administration as well as the content of the paper. The collective agreement of 1981 has set up three other committees, one on editing copy, one on the appointment of managerial staff, and the other on the hiring of journalists.

Unions are the severest critics of newspaper ownership. They often pose as the champions of the public's right in order to denounce the groups of financiers who,

according to them, are a threat to the free flow of news. The remarks made by Jan O'Brien of the Vancouver Newspaper Guild serve as an example:

We believe the Commission can make an important stand on behalf of a free press in the country if it is willing to resist the contamination of a press that is in danger of descending to corporate public relations work. . . . The daily press has a unique power and a unique responsibility. As it now stands, that power and responsibility can be bought, sold, subverted and usurped at the whim of a few corporate giants whose first interests are shareholders.²⁴

As a group, too, journalists seek closer ties with the reading public. They are extremely concerned about the declining popularity of the press and its future in relation to other media. Uncertainty about the future tends to dilute the radicalism of unions. Its effects were to be seen in the 1981 *Le Devoir* strike which, in other circumstances, might have lasted much longer. Furthermore, the profession is beginning to think twice about any clannishness that would alienate it from the public. This concern was evident at the June 1981 meeting of the Féderation professionnelle des journalistes du Québec when the majority of speakers declared themselves in favor of stronger public representation on the Québec Press Council. This is one indication, among others, of the desire to move closer to the reader, whose attitude can determine a newspaper's growth or decline.

The reader's opinion

What does the reader think? The latest surveys show that for all the criticism and skepticism, perhaps not unusual in an age when many of society's institutions are being questioned, Canadians continue to look favorably on their daily newspapers.

However, this attitude masks certain tensions which are not immediately apparent. In fact, the attitude of the reader today is guarded. He is increasingly concerned that his paper does not respond to his expectations. There is some evidence that these — insofar as responsibilities, ethical standards, and coverage of events are concerned — are often far ahead of the paper's willingness or ability to fulfill. This gap, if it continues to grow, could alienate the reading public and turn out to be fatal for many newspapers.

The loyalty of the reader toward his newspaper is not what it was a few decades ago. In an environment bombarded with information of every sort, and in which the various media are encroaching upon one another's territory, in frantic competition, the bond has inevitably become more fragile. The reader from the beginning of the century has gradually become not merely a reader but also a listener and a viewer of news. He is generally more educated, earns more money, is an urban dweller and is more widely travelled. If female, the chances are she is working outside the home. And this average reader has access to a formidable variety of information and entertainment. As the Royal Commission on Corporate Concentration reported in 1978, he or she is exposed to about 100 sources of information a week.²⁵

Yet, while its importance relative to other media continues to decline, the daily newspaper remains the choice of most people, most of the time. In fact, nearly 90 per cent of Canadians read one in the course of a week. It can be assumed they must find something unique there: a certain quality of information, no doubt, which can be found only in the print media and which suggests, implicitly, a special calling; in

short, a public service which, regardless of what one might say about it, makes the press far more than a simple commercial undertaking.

But what does the public understand by "freedom of the press"? The nation-wide study conducted for the Davey Committee came up with a variety of answers, which is characteristic of the confusion surrounding the subject. A study conducted in 1978 in Windsor by Professors Douglas Howard and C. Edward Wilson of the School of Journalism at the University of Western Ontario did not produce much clarification. A small number of persons interviewed thought the news media should have complete freedom of publication, half thought the press should enjoy only limited freedom, with certain news not allowed to be published, and a fifth said the media should have to follow rules of conduct and guidelines drawn up by an external agency. This study showed decisively that the restrictions envisaged for the press were aimed most often at cases that shocked morals and good taste. The means of supervision envisaged were on the whole flexible and did not involve the government.

But to know how the public view the press, how they see its responsibilities, this Commission undertook substantial research.²⁶ It was found, among other things, that the quip by humorist Will Rogers, "All I know is what I read in the papers", should be put to rest as an antiquity.

Canadians may not put newspapers on a pedestal but the great majority believe that newspapers, and the mass media in general, have responsibilities to the public different from those of other businesses. More precisely, 60 per cent of Canadians believe newspapers have responsibilities different from those of television or radio. More anglophones than francophones are inclined to think this way; it would follow then that the Québec public tends not to make a distinction between the media.

In general, people expect newspapers to provide more comprehensive coverage of all subjects and in particular of local events. In this regard, newspapers are considered essential. They are believed to present the widest range of opinions. Television, however, enjoys more influence and authority. An Ontario dietitian, interviewed by our researchers, said that newspapers "have a responsibility to the area or the community they are reporting to. It's a closer relationship than TV or radio can give".²⁷

One in six Canadians believes that his or her daily newspaper does not provide enough local and community coverage. This is a reproach that people of Atlantic Canada, British Columbia, and the Yukon are more likely to make, as are residents of small towns and rural areas. As well, readers of smaller papers are more concerned about community news than are readers of large-circulation papers (100,000 or more). This may suggest that the latter, living in larger urban centres, have the opportunity to obtain local news from community weekly newspapers.

Two out of three Canadians think their local daily is doing a good or an excellent job in fulfilling its responsibilities to the public. Older people are more likely to think this way than the young. French-speaking people also tend to appreciate the social behavior of their newspapers. People in competitive markets rate their papers' performance slightly better than do those living in non-competitive markets. The people of British Columbia are most critical of their newspapers' performance, followed closely by those of Atlantic Canada.

Our research indicates that 89 per cent of all adults read at least one newspaper in the course of a week. Canadians spend an average of 53 minutes reading daily

Newspapers



Radio



Television



Which of the three information media, newspapers, radio or TV...

Keeps you up-to-date					
27%	6	27%			52%
s most fair and unbiase	ed				
29%	6	32%			53%
s most influential					
23%	14%				67%
s most essential to Can	ada				
s most essential to Can	35%	24%			52%
	35%	24%			52%
	35%	24% 53%		25%	52% 27%
s most essential to you	35% r community			25%	
s most essential to you	35% r community		28%	25%	
s most essential to Can s most essential to your	35% r community personally 39%		28%	25%	27%

newspapers on a typical weekday, and 66 minutes during the weekend; 69 per cent read five or more issues a week. Those most likely to read newspapers are over 35, have the highest household income (\$25,000 or more), and are highly educated.

28%

34%

More than half of all Canadians, some 54 per cent, are very loyal to their newspaper. These are adults who look upon newspapers as part of their daily lives. Young adults are less likely than their elders to be consumers of news. They read newspapers less, just as they listen to less news on radio or television. However, they are more inclined than older people to read books and magazines. This generation, influenced by television since childhood, may well be questioning the traditional meaning of "news".

Our study reveals — or confirms, depending on one's point of view — that there is no one superior source of information. Rather, there are preferences for one or the

other, according to the type of news or information wanted. Television, for instance, is considered best for national and international news; but for local coverage, newspapers come first.

Generally speaking, adults in competitive markets are more likely to have a favorable attitude toward newspapers. Those who look upon them with least favor live in areas where daily newspapers are not published at all. That is to say, the more one has occasion to read a newspaper, the more one appreciates it as a medium of information. Thus it is hardly surprising that those who favor newspapers most are among those who have the highest education, the highest household incomes, and are between the ages of 25 and 54. Two out of three people interviewed say that the paper they read has improved during the past three years; only 11 per cent say it has become worse.

Television edges out daily newspapers as the preferred source of news by a slight margin. But — and this may be a salutary warning — more than half of Canadians believe that television will become even more important in this sector. In general, the future of the newspaper and the radio seems to them unpromising. Francophones show a marked preference for television. These facts add up to important indications that newspapers must define a new role for themselves, one that complements the TV screen. The coming of videotex is going to hasten this development.

Most Canadians believe that newspapers help make their community a more pleasant place to live. Nonetheless, 78 per cent think that newspapers tend to sensa-

Newspapers



Radio



Television



Respondents chose one of these three information media as being "Best" for keeping informed about:

World and international news

World and international news				
30%	24%			55%
What happens in Canada				
32%	21%			53%
What happens in your province	76	25%		42%
What happens in your area				
	4	59%	25%	18%
Things you're personally interested	in			
	49%	22%		36%

Responses may exceed 100% due to multiple responses.

tionalize the news. And 72 per cent think newspapers play down facts that could offend their advertisers. Forty per cent think that dailies give too much space to advertising.

In reporting "topics people are personally interested in", it appears that newspapers in central Canada — Ontario and Québec — do a slightly better job. As well, it appears that dailies serving the three largest metropolitan areas in Canada are more favorably viewed than papers in smaller centres. French-language readers are more satisfied with their newspapers in this respect.

Although half of Canadians feel that their newspapers keep them well informed in general, one in nine would like to see more honest, objective, unbiased news reporting. Ten per cent believe that papers don't provide enough "follow-up", or that they lack comprehensive or investigative reporting. Young adults (18 to 24) are three times as likely as their elders (55 and over) to mention this shortcoming.

Degree of interest in different kinds of news

Local or regional news

World and international news 66% Health and medicine 58% How to be a better consumer 57% What's happening in Canadian politics	
Health and medicine 58% How to be a better consumer 57%	
How to be a better consumer 57%	
How to be a better consumer 57%	
57%	
57%	
What's happening in Canadian politics	
The state of the s	
50%	
Family living and social issues	
47%	
Sports and recreation news	
36%	
Decorating and improving a home	
34%	
Business and financial news	
32%	
What's happening in leisure and entertainment	
30%	

Canadians who are more educated and have higher household incomes tend to believe that newspapers favor special interest groups. Older Canadians, francophones, and those with less formal education tend to think that newspapers are the echo of the government. Yet younger and better educated Canadians say newspapers tend to reflect a business bias.\

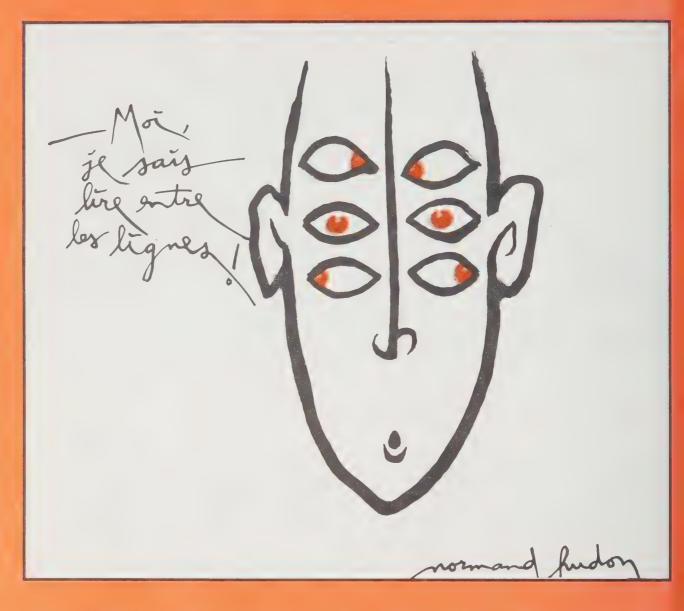
The impression gained from our inquiry — conducted across Canada among more than 3,500 Canadians, men and women, 18 years and over, and from all walks of life — is that people need news and information which help them make sense of their lives. The same impression arises from our coast-to-coast public hearings. A majority of Canadians seem to think that newspapers are still best equipped to fulfill that particularly demanding job.

Since this Commission was established to inquire into daily newspapers as an industry, it seemed appropriate to ask people how they view newspaper ownership and ownership concentration. The response was as follows: 55 per cent of the Canadians interviewed said it did not matter to them who owned the daily newspaper. Even for concerned Canadians, it was not a critical issue. Nonetheless, about three Canadians in four would be concerned a lot, or somewhat, if one company controlled all the daily papers in their province, or if one company had the monopoly of the mass media in their area. Overall, anglophones were more worried about such situations than francophones. This no doubt reflects the different effects the concentration of media has had in Québec. We will analyze this phenomenon in more detail later in the Report.

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3 Under the law

The impulses to censor and to control information run deep in even the most benevolent of governments. Information is power, and authority likes dearly to reserve power to itself.

If the press is to fulfill its responsibilities to the public it must have freedom under the law to do so. But the law does impose some restraints.

Restraints on the press can be imposed in many ways. During the infamous McCarthy era in the United States, harassment and intimidation produced a very cautious press. Newspapers can, of course, impose restraints on themselves, whether these are in response to pressure from advertisers or result from the stabling of sacred cows, and there are both federal and provincial laws which a newspaper must obey.

Division of powers

Under the British North America Act, both provincial and federal jurisdictions can assert competence with respect to newspapers. Although there are areas of uncertainty, and there is judicial interpretation which has not always served to clarify jurisdictional competence, there are many aspects of a newspaper's life over which jurisdiction is reasonably settled.

For example (and these are the most common examples only), Parliament may make laws with respect to copyrights, postal service, and electronic communication; this last is important, particularly in face of the new technology. Parliament also has responsibility for criminal law, and here a newspaper may run afoul of two types of restriction — the classic criminal libel laws, discussed later, and more contemporary provisions affecting business activities, such as monopoly, conspiracy to restrain trade, and advertising. Also within federal jurisdiction are tax measures and the regulation of certain commercial activities such as foreign investment. And, as the

imposition of the War Measures Act in 1970 dramatically demonstrated, the protection of national security can drastically curb the ordinary activities of the press.

The regulation of business is predominantly a matter of provincial competence. Provincial jurisdiction extends over trade and commerce within the province (ownership of land and other property, labor relations, transportation, and supply of newsprint, for example). It also reaches to commercial transactions and marketing activities within a province. Civil rights within a province (including the tort of defamation) come within provincial competence. The provinces also have authority over professions, so that a province could declare journalists to be professionals, subject to provincially legislated professional codes.

In some areas legislative jurisdiction overlaps, so that matters may fall within the competence of both Parliament and the provincial legislatures. Libel and slander (which may be criminal or civil) are examples. Incorporation of companies is another. And both jurisdictions may impose sanctions — fines and imprisonment — for breach of statute. Similarly, both Parliament and provincial legislatures may legislate in the area of human rights: there is a federal Bill of Rights and there are equivalent provincial declarations of rights within the individual provinces.

Parliament can impose censorship: the most recent and most dramatic instance in Canada in peacetime was during the October Crisis in 1970 when the federal Government invoked the War Measures Act. Regulations under the Act prohibited publication of anything which threatened national security or was deemed to promote the viewpoint of the Front de Libération du Québec (FLQ).

Provinces have been known to try to impose rules on what a paper may write. Undoubtedly the most extreme example was an Act passed by the Social Credit government of Alberta in 1937 "to ensure the Publication of Accurate News and Information". It provided, among other things, that newspapers could be compelled to disclose sources of information and to print government statements to "correct" or enlarge upon previous articles. Failure to comply was to be punished by shutting the offending newspaper down.

This and other Social Credit bills were referred to the Supreme Court of Canada which ruled them all *ultra vires*, outside the jurisdictional competence of the province. Three of the six judges who expressed an opinion as to the division of authority in relation to the press held that the Press Bill constituted an invasion of the liberty of the press and of the right of public discussion. This, they said, a provincial legislature was not competent to do. Mr. Justice L.A.D. Cannon made it eloquently clear that freedom of the press was not to be trampled on:

Freedom of discussion is essential to enlighten public opinion in a democratic State; it cannot be curtailed without affecting the right of the people to be informed through sources independent of the government concerning matters of public interest. There must be an untrammelled publication of the news and political opinions of the political parties contending for ascendancy. . . . Democracy cannot be maintained without its foundation: free public opinion and free discussion throughout the nation of all matters affecting the State within the limits set by the criminal code and the common law. 1

He made it equally plain, lest other provinces entertain similar aspirations, that, if anyone was to curtail freedom of the press, it certainly was not going to be a provincial authority:

The mandatory and prohibitory provisions of the Press Bill are...ultra vires of the provincial legislature. They interfere with the free working of the political organization of the Dominion.... The federal parliament is the sole authority to curtail, if deemed expedient and in the public interest, the freedom of the press in discussing public affairs and the equal rights in that respect of all citizens throughout the Dominion.²

The Chief Justice, Sir Lyman Duff (with Mr. Justice Henry Davis concurring), expressed the view that the preamble to the British North America Act stated plainly that the Canadian constitution was to be "similar in principle to that of the United Kingdom" and that this "contemplates a Parliament working under the influence of public opinion and public discussion". The Parliament of Canada, he said, has the authority to legislate for the protection of the right of free discussion. Provinces may have some power to regulate newspapers but when a province legislates something that "effects such a curtailment of the exercise of the right of public discussion as substantially to interfere with the working of the parliamentary institutions of Canada as contemplated by the provisions of the British North America Act and the statutes of the Dominion of Canada", then that province has exceeded its powers.4

Chief Justice Duff's comment with regard to free public discussion, made in the Alberta Press case judgment, is a classic:

Even within its legal limits, it is liable to abuse and grave abuse, and such abuse is constantly exemplified before our eyes; but it is axiomatic that the practice of this right of free public discussion of public affairs, notwithstanding its incidental mischiefs, is the breath of life for parliamentary institutions.⁵

With a decision of the Supreme Court of Canada in 1957, in the case of Switzman v. Elbling (which had to do with the "Padlock Law")6 the limitations on provincial power to regulate the "dissemination of ideas" were confirmed. The case involved a 1937 Québec statute, An Act to Protect the Province Against Communistic Propaganda, which made it unlawful to make use of a house for the propagation of communism or bolshevism (neither term was defined in the Act) or to use a house to print, publish or distribute a newspaper, periodical, pamphlet, circular, document or writing for that purpose. Under authority of the attorney-general, a house put to such use could be locked with a padlock.

The Supreme Court, with only one dissenting voice, ruled that the legislation dealt with criminal law which is exclusively within the competence of Parliament. Such legislation, according to Mr. Justice Gérald Fauteux, could not come under Section 92(16) of the BNA Act, as a "local matter" within provincial jurisdiction, since the propagation of an "idea" could hardly be said to be a "local matter". Mr. Justice Ivan Rand was of the opinion that "civil liberties" could never have been intended to be included in the term "property and civil rights" or "matters of a merely local or private nature", which, by Sections 92(13) and 92(16), are within provincial jurisdiction. Right of free opinion, public debate, and discussion were clearly necessary to parliamentary government:

This means ultimately government by the free public opinion of an open society, the effectiveness of which, as events have not infrequently demonstrated, is undoubted.

But public opinion, in order to meet such a responsibility, demands the condition of a virtually unobstructed access to and diffusion of ideas. Parliamentary government postulates a capacity in men, acting freely and under self-restraints, to govern themselves; and that advance is best served in the degree achieved of individual liberation from subjective as well as objective shackles. Under that government, the freedom of discussion in Canada, as a subject matter of legislation, has a unity of interest and significance extending equally to every part of the Dominion. With such dimensions it is ipso facto excluded from head 16 as a local matter.8

Section 1 of the proposed Canadian Charter of Rights and Freedoms in the Constitution Act, 1981, provides that:

1. The Canadian Charter of Rights and Freedoms guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

We will have to wait upon future judicial interpretation to discover precisely how well our rights and freedoms are protected against some possibly capricious legislators of the future.

Restraints: official secrecy

As Professor Arthur Siegel has pointed out, it is a characteristic of the cabinet form of government that it is "secretive or closed". The American presidential form of government, in contrast, is more open and American political reporters can report and comment on matters kept from their Canadian counterparts. In the words of J.R. Mallory, "a cloak of solemn secrecy surrounds the transaction of cabinet business and we can never know how a decision was reached or on what grounds. The same holds true in describing the decision-making activities of officials." 10

Proceedings of cabinet are secret for constitutional reasons; the Crown's business is confidential. That secrecy is protected both by the Privy Councillor's oath and the Official Secrets Act. The Act is a heavy-handed law; conviction can bring 14 years in prison. The oath is essential to collective responsibility: a policy worked out in cabinet must be publicly supported by all members of the cabinet. A minister who is unable to give such support is expected to resign. Yet, obviously, policies of government do not emerge full-blown from a magical consensus. They are hammered out behind closed doors. No government could work if the public were privy to all the doubts and disagreements that must be resolved before a policy announcement can be made or a bill drafted.

The secrecy practised by senior civil servants about their part in the decision-making process has different roots. It is grounded in the constitutional principle of individual ministerial responsibility. A minister of the Crown is responsible to Parliament for every act and every decision of every civil servant in his department. Therefore ministers, not civil servants, are expected to make public pronouncements and provide information about their departments.

Not all "government secrets" are strenuously protected. There is, for example, the high political art of the judicious "leak", the "trial balloon", which enables governments to test the political winds before they commit themselves to some possibly controversial course of action. Yet the bias is toward secrecy. There is a need to off-

set these pressures through genuinely effective freedom of information legislation to provide for openness and, hence, a better informed public.

Parliamentary privilege

Parliamentary privilege is one of the devices by which parliamentarians protect themselves from the press. It is a subtle device, for it promotes self-censorship by journalists. It is not often invoked by the House of Commons (some provincial legislatures appear to have been rather more ready to use it), yet it is much more than an idle threat. It influences what journalists say about Parliament and legislatures and how they say it; there is a natural reluctance on the part of journalists to expose themselves to the awesome process by which the House of Commons — sitting as the High Court of Parliament — calls a transgressor before the Bar of the House.

That was the fate, in 1906, of one J.E.E. Cinq-Mars, whose article in *La Presse* caused him to be censured for breach of parliamentary privilege. Cinq-Mars was called before the Bar where he was obliged to stand while the members debated the charge against him. It was agreed that the article in question had indeed passed the bounds of reasonable criticism and constituted a breach of privilege. The prime minister himself (Sir Wilfrid Laurier) moved the motion of censure. Cinq-Mars did not have to go to jail, although Parliament, when it sits as the High Court, does have the power of commitment. The power has not been used in recent times, but it is there and there is ample British precedent for its use; the Journals of the British House of Commons record more than a thousand cases of imprisonment for conviction of contempt of Parliament.¹¹

The most recent case involving parliamentary privilege in Canada had to do with a story published by the Montreal Gazette about John Reid, the then parliamentary secretary to the president of the Privy Council. (The Gazette had accused Reid of leaking budget details, later admitted this was incorrect, but still contended that he had leaked confidential information.) The case produced no convictions, and no motion of censure, but it had a useful result nonetheless. In the course of investigating the breach of privilege charge, the House of Commons Standing Committee on Privileges and Elections held 10 meetings. It heard expert testimony and canvassed all the intricacies of interaction between government and the press. The transcript of those meetings provides a modern, up-to-date survey of the state of the law on parliamentary privilege in Canada today.

Official Secrets Act and Freedom of Information

One of the issues which emerged strongly from the inquiry into the Reid case was the operation of the Official Secrets Act. That statute has long given both journalists and political scientists cause for concern. And it is indeed breathtaking in its scope.

Canada's existing Act, which was drafted in 1939, is essentially a combination of the United Kingdom's Official Secrets Acts of 1911 and 1920. It is useful therefore to consider what the Franks Committee in Britain had to say about the Official Secrets Act in 1972:

The leading characteristic of this offence is its catch-all quality. It catches all official documents and information. It makes no distinctions of kind, and no distinctions of degree. All information which a Crown servant learns in the course of his duty is "official" for the

purposes of section 2, whatever its nature, whatever its importance, whatever its original source. A blanket is thrown over everything; nothing escapes. The section catches all Crown servants as well as all official information. Again, it makes no distinctions according to the nature or importance of a Crown servant's duties. All are covered. Every Minister of the Crown, every civil servant, every member of the Armed Forces, every police officer, performs his duties subject to section 2.12

Section 4 of Canada's Official Secrets Act is essentially the same as Section 2 of the British statute. To political journalists, Section 4(3) is of particular importance. It provides that:

Every person who receives any...information, knowing, or having reasonable ground to believe, at the time when he receives it, that the...information is communicated to him in contravention of this Act, is guilty of an offence under this Act unless he proves that the communication to him of the...information was contrary to his desire.

Gordon Fairweather, chief commissioner of the Canadian Human Rights Commission, has commented on one particularly anomalous aspect of the Act. It is an offence to communicate, use, retain, receive, even to fail to take reasonable care of, government information which one does not have authorization to have in one's possession. Yet there is no provision in the Act for the authorization of a person's receiving or having in his possession such information.

There is a presumption that all information held by the government is not to be released unless it is specifically authorized even though there is no process for doing so or any indicated authority who has the responsibility. Consequently, a newspaper which publishes any information or documents in the government's possession, without proper authorization, may be subject to a prosecution under the Official Secrets Act. 13

The Act is ambiguous, as was illustrated in the recent case which involved the Toronto Sun. 14 The Sun had published an article which gave details from a government document that outlined suspected Russian spying activities in Canada. Both publisher and editor were charged under Section 4(1) and (3) of the Official Secrets Act. Judge Carl Waisberg of the Ontario Provincial Court dismissed the charges at the preliminary hearing stage. He did so on the ground that the document, although stamped "top secret" and "For Canadian Eyes Only" (not designations with any legal authority), was no longer secret but in the public domain; its contents had been broadcast by a television network and there were some 67 copies of it extant.

The case raises some questions. Would higher courts, had the case been appealed, have upheld such an interpretation, given the extremely restrictive wording of the Act? Does it cease to be an offence to publish information, without authorization, just because some parts of it have already been improperly leaked? When is something officially secret and when does it cease to be secret?

Judge Waisberg noted that the Official Secrets Act is a restricting statute which "seeks to curb basic freedoms, such as freedom of speech and the press" and, as such, should articulate in clear and unambiguous language the restrictions intended to be imposed upon a citizen. He cited the Mackenzie Royal Commission on Security to confirm that the Official Secrets Act is "an unwieldy statute, couched in very

broad and ambiguous language". 15 Judge Waisberg went on to say that "complete redrafting of the Canadian Official Secrets Act seems appropriate and necessary".

Such redrafting is needed. Justice Minister Jean Chrétien, in a statement before the Standing Committee on Justice and Legal Affairs on May 26, 1981, had this to say:

The justice department has carried out a great deal of the work in support of efforts to produce a Freedom of Information bill. Associated with this is equally important work in the areas of privacy and official secrets. Proposals are being developed for revision of the Official Secrets Act in areas dealing with the unauthorized release of documents.

Good. But the best way to achieve genuinely open government, and free access by all people to information of public concern, is through a Freedom of Information Act, drafted to ensure what the title suggests.

There are some encouraging signs at this writing. New Brunswick and Nova Scotia have freedom of information statutes on the books. Newfoundland has a bill before its legislature. Ontario is preparing a "discussion paper" based on the report of the Royal Commission on Freedom of Information and Individual Privacy¹⁶ in 1980. Québec is expected to propose legislation in the fall of 1981. Parliament has before it Bill C-43, which will provide both access to government information and protection of personal information. This dual approach is designed to avoid the shortcomings of American freedom of information legislation, under which it is apparently possible to refuse a request for documents on the basis of provisions in the Privacy Act and, conversely, to refuse to protect privacy by citing the FOI Act. Bill C-43 was introduced on July 17, 1980, and was given second reading, approval in principle, on January 29, 1981. From there it went to the Justice and Legal Affairs Committee, where a number of amendments to the original bill were introduced. (As this report is being written the bill is still in committee.)

One of the bill's commendable provisions is an initial appeal to an information commissioner. The commissioner has far-reaching powers, including the right to see all documents and enter any government premises for the purpose of investigating a complaint relating to access to government documents. The commissioner will have the right to take a complainant's case to court if a minister refuses his recommendation to release requested documents. He can also testify in court on a complainant's behalf. Since the commissioner reports only to Parliament, his influence should be considerable and his impartiality assured.

A matter of libel

There is one body of law — the law of libel — which has a vastly more pervasive influence on the way journalists may write than the restraints we have so far described.

We will deal first with the law of criminal libel — with the so-called "classic" offences — which affect least the day-to-day work of the ordinary journalist. These laws have a bloody past; there was a time in English history when a writer put pen to paper at extreme peril if he was not well versed in the legal limitations. The state of criminal libel today is interesting for another reason: it demonstrates the extent to which Canadian judges in recent times have dedicated themselves to the concept of free expression.

The offences of criminal libel, in Canada, are set out in the Criminal Code. They are: blasphemy, sedition, obscenity, and defamation.

Blasphemy

Blasphemous libel in Canada is an offence under Section 260 of the Criminal Code. This crime, once so frequently the reason for indictment in England, is considered today to be a dormant anachronism. The Code does not even contain a definition of blasphemous libel; Section 260(2) says that "it is a question of fact whether or not any matter that is published is a blasphemous libel", a line the Crown has obviously been reluctant to touch.

It was Lord Chief Justice Sir John Coleridge, in 1883, who stemmed the tide of prosecutions for blasphemy. In the famous case of *Regina v. Ramsay and Foote*¹⁷ he instructed the jury that "if the decencies of controversy are observed, even the fundamentals of religion may be attacked without the writer being guilty of blasphemy". In 1917, the House of Lords in the *Bowman* case ruled that expression in proper and decent language in good faith, of an opinion or argument on a religious subject, did not constitute blasphemous libel.¹⁸

It would appear that only four indictments for blasphemous libel have been tried in Canada. Curiously, the last (in 1935) resulted in a conviction. The Court of Sessions of the Peace in Montréal convicted an Anglican minister, Reverend Victor Rahard (who had put up posters outside his church which were unflattering to Catholicism), ruling that:

The expression in writing of an opinion on a religious question in bad faith and injurious to the religious convictions and of such a nature that it might lead to a disturbance of the peace, constitutes blasphemous libel. 19

It is unlikely that the case will ever be followed. Not even the battles between the Jehovah's Witnesses and the government of Premier Duplessis, during the 1940s and 1950s, resulted in prosecution for blasphemy. The obsolete law should long ago have been removed from the books.

Sedition

The law of seditious libel seems destined to join that of blasphemy in legal oblivion. It, too, had a gory history, the usual punishments at one time including mutilation and death. It also produced some high drama in jurisprudence, as, for example, James Erskine's famous defence of the Dean of St. Asaph and his defence of Thomas Paine against a charge of seditious libel for his authorship of *The Rights of Man*. Until 1792, truth was not a defence against the charge; it was only necessary to prove that the accused had actually written or printed the offending statement. With the passage of Fox's Libel Act, in 1792, the jury, not the judge, had to decide whether a libel was seditious.

During the 17th and 18th centuries the definitions of seditious libel were wide enough to suppress all criticism of the government, as they were intended to do. Today, Section 60 of the Criminal Code specifies a seditious intention (and *intention* is the critical element in establishing the crime) as the teaching or advocating, or the publishing or circulating of any writing which advocates "the use, without the authority of law, of force as a means of accomplishing a governmental change within

Canada". So, the advocacy of the use of force is now necessary. Section 61 sets out a comprehensive "saving clause". What it provides, in essence, is that the advocacy of change, by lawful means and in good faith, is exempt from prosecution.

All this is progress, for it was not always so. During the First World War, with patriotism running high, seditious libel was a common charge. Indeed, Mr. Justice Charles Stuart, in the case of R. v. Trainor, 20 appeared finally to have had enough of it. "There have been more prosecutions," he said, "for seditious words in Alberta in the past two years than in all the history of England for over 100 years. . . ." Mr. Justice Stuart, writing for the majority of the Appellate Division of the Alberta Supreme Court, made the statement in the course of allowing the appeal of a man who had said (in a drug store) that it was "good" that the German forces had sunk the Lusitania because England had "killed as many women and children as Germany" with its food embargo.

With the decision of the Supreme Court of Canada in the *Boucher*²¹ case, in 1950, the law on seditious libel was effectively turned around to represent a protection of free speech, rather than a suppression of it. The case involved a charge against a Jehovah's Witness for distributing a pamphlet entitled Quebec's Burning Hate for God and Christ and Freedom Is the Shame of all Canada. It was a denunciation, in extreme language, of alleged interconnections between politics and church in Québec. The Court held that extreme language was not sufficient to lead to conviction. Neither was the intention to promote ill-will and hostility among Canadian citizens. Only an intention to incite the Canadian people to violence and to create public disorder and disturbance would suffice to convict.

Mr. Justice Ivan Rand, in the course of his opinion, had this to say:

Freedom in thought and speech and disagreement in ideas and beliefs, on every conceivable subject, are of the essence of our life. The clash of critical discussion on political, social and religious subjects has too deeply become the stuff of daily experience to suggest that mere ill-will as a product of controversy can strike down the latter with illegality....²²

He described what is essentially the present Section 61 of the Criminal Code as a provision which, with

its background of free criticism as a constituent of modern democratic government, protects the widest range of public discussion and controversy, so long as it is done in good faith and for the purposes mentioned.²³

There have been no successful prosecutions for sedition since then.

Obscenity

Unlike the offences of blasphemy and seditious libel, the offence of obscenity has considerable currency. But it seems unlikely that a Canadian daily would run afoul of it.

To establish the offence it is necessary to show that the "dominant characteristic" of the publication charged is the "undue exploitation of sex". To determine what is "undue", the court must take into account the "internal necessities" of the work and the "standards of acceptance in the community". By "community" is meant the total Canadian community. As to what those standards of acceptability are, it is, ultimately, up to the individual judge or the jury to decide.

What is acceptable to the community is a judgment every editor makes every day. The imperatives of appealing to readers, many readers, ensure that newspapers will not likely be much bothered by the law of obscenity. As the case of R. v. McLeod and Georgia Straight Publishing Ltd.²⁴ in 1970 illustrates, even the sometimes highly innovative "underground" press seems to have little to fear from the law of obscenity.

Criminal libel

The law of criminal libel (criminal defamation) must not be confused with civil libel and slander which are torts, civil wrongs. The offence is defined in section 262(1) of the Criminal Code as

matter published, without lawful justification or excuse, that is likely to injure the reputation of any person by exposing him to hatred, contempt or ridicule, or that is designed to insult the person of or concerning whom it is published.

Conviction merely for publishing a defamatory libel is punishable by imprisonment for up to two years. Publishing a defamatory libel *knowing it to be false* may draw a sentence of up to five years.

The defences to a prosecution for defamatory libel are set out in detail in Sections 267 to 279 of the Code. They include: publication of proceedings of courts or of Parliament; fair reports of parliamentary or judicial proceedings or public meetings (which are the defences of "privilege"); matters which are true, or believed to be true (the defence of "justification"), and which are relevant to matters of public interest, the public discussion of which is for the public benefit; fair comment on public persons or works of art; matter published on the invitation or challenge of the person alleged to be defamed; matter published in good faith for the purpose of seeking remedy or redress of a private or public wrong.

Section 267(1) applies specifically to newspapers and establishes that it is the *proprietor* of a newspaper who is deemed to do the "publishing". The proprietor escapes liability if he can prove that the defamatory matter was inserted in his newspaper without his knowledge, and without negligence on his part. He may also escape if he can establish that he has given "general authority to manage or conduct the newspaper" to an editor or another person, provided it is not proved against him that he intended that authority to extend to the insertion of defamatory matter in the newspaper or that he continued to confer such general authority after he knew that it had been used to publish defamatory matter.

There have been so few prosecutions for criminal libel in Canada that there is little judicial guidance on just what all that may mean. One recent case²⁵ does shed light on which of the statutory defences may not work in some circumstances. The case again involved the Vancouver publication, the *Georgia Straight* which, being wroth at a certain magistrate, compared him to Pontius Pilate. It was held that it was no defence that the statement was meant as a joke. It was held further that, since the statement referred to a particular magistrate (as distinct from the law in general), the defences of reasonably believing the statement to be true, showing that it was relevant to a matter of public interest, public discussion of which is for the public benefit, and that it was fair comment about a public person, all failed.

Civil defamation

There is one species of libel which imposes constant and drastic restraints on the press. That is civil defamation, civil libel. A libel suit can be very expensive for a newspaper, even when the suit does not succeed. So alert are newspapers to this everpresent threat that many of them retain legal counsel to whom they routinely submit items prior to publication.

What constitutes a libel? Generally, "any written or printed words which tend to lower a person in the estimation of right-thinking men, or cause him to be shunned or avoided, or expose him to hatred, contempt or ridicule." But it is not only words that are capable of being sued upon as being libellous. Pictures may be and, as the recent case of *Vander Zalm v. Times Publishers et al*²⁷ illustrates, so may cartoons. (That case failed on appeal, but there was nothing in the judgment to rule out cartoons as being the subject of a libel action.)

Libel law is complicated. It is the subject of both statute law and common law. In the standard work on the subject, *Gatley on Libel and Slander*, the discussion runs to more than 700 pages²⁸ and an English study, in 1979, concluded that:

A mystique has come to be associated with this tort.... In some respects the law of defamation has become unduly complex and technical. It must, however, be borne in mind that some of the complexities stem from the need to maintain the balance between the individual's right to his reputation and the public interest to preserve free speech.²⁹

The laws of libel and slander fall within provincial jurisdiction and the details of applicable statute law vary considerably from one province to another. What is more, the traditional distinction between libel and slander (in which the former was considered to be written defamation and the latter oral) has become blurred, so that even the nomenclature varies. Thus, British Columbia, Saskatchewan, and Ontario have libel and slander statutes; Alberta, Manitoba, New Brunswick, Nova Scotia, and Prince Edward Island have Defamation Acts; Newfoundland has a Slander Act and, in Québec, the equivalent statute is called the Newspaper Declaration Act. Manitoba even has what may be termed a "group defamation" law. By Section 19 of the Manitoba Defamation Act an action lies for a libel against the members of a particular race or the adherents to a religious creed. In all other provinces, the common law applies to libels involving race or creed so that it is necessary for a plaintiff to show that the libel has damaged him personally; where no particular member of a group has been specifically libelled, no individual can sue.

There are other differences. Some provinces, for example, have statutes dealing specifically with headlines and captions. Manitoba, Nova Scotia, New Brunswick, and Prince Edward Island have such provisions in their statutes and, in these cases, headlines and captions are treated as "reports" within the context of those sections of the statutes concerned with fair and accurate reports of matters subject to privilege. Alberta's statute relates headlines and captions to reports of court proceedings only. There are also variations with regard to the time period within which an action for libel may be brought and in the degree of strictness with which libels against candidates for public office are dealt.

And so on. It is not our purpose here to canvass the law of civil libel in any detail; excellent discussions on the intricacies of libel law are contained in two research studies published in conjunction with this Report.³⁰

What is of concern to us is whether that critical balance — the balance between the public interest in free speech, which includes the right of the press to publish without undue inhibitions, and the individual's right to his reputation — is being maintained. Generally speaking, we believe that it is.

One reason for confidence is the dual aspect of libel law, which is in part the product of precedent at common law and in part the result of provincial legislation. Legislatures have the power to cure where judge-made law has left matters uncertain. And in that respect the recent case of *Cherneskey v. Armadale Publishers*

Limited et al³¹ is most significant.

The case involved a suit brought against the Saskatoon Star-Phoenix by a Saskatoon alderman who complained that he had been defamed by a letter-to-the-editor. The letter had been written by two law students who had since left the province. They did not appear at the trial and at no time was evidence adduced as to whether the letter writers believed what they had written to be true. The editor testified that neither he nor the publisher believed the comments contained in the letter (inter alia, that Cherneskey's opposition to the location of an Indian and Metis alcohol rehabilitation centre was racist). The result was that the trial judge refused to allow the defence of fair comment (a defence provided both by statute and at common law) to be put to the jury. The jury adjudged the letter to be defamatory. The Saskatchewan Court of Appeal upset the verdict, but a majority of the Supreme Court of Canada overruled the Court of Appeal and restored the trial judgment. According to Mr. Justice Ronald Martland:

Freedom to express an opinion on a matter of public interest is protected, but such protection is afforded only when the opinion represents the honest expression of the view of the person who expresses it.³²

That view, as Mr. Justice Brian Dickson in his dissenting judgment made clear, put editors and publishers in an impossible situation with regard to letters-to-the-editor. The usual defences of justification (truth) and qualified privilege (as, for example, in a report on a public meeting) are not relevant in such a case. If the defence of fair comment is also denied, a newspaper may as well not risk publishing letters. According to Mr. Justice Dickson:

The important issue raised in this appeal is whether the defence of fair comment is denied a newspaper publishing material alleged to be defamatory unless it can be shown that the paper honestly believed the views expressed in the impugned material. It does not require any great perception to envisage the effect of such a rule upon the position of a newspaper in the publication of letters to the editor. An editor receiving a letter containing matter which might be defamatory would have a defence of fair comment if he shared the views expressed, but defenceless if he did not hold those views. As the columns devoted to letters to the editor are intended to stimulate uninhibited debate on every public issue, the editor's task would be an unenviable one if he were limited to publishing only those letters with which he agreed. He would be engaged in a sort of censorship, antithetical to a free press. . . . 33

The decision in *Cherneskey* did not remain the law for long. Within a year, at the urging of the Canadian Daily Newspaper Publishers Association and the Ontario Press Council, four provinces had already drafted amendments to their Libel and

Slander or Defamation Acts to get around the rule in the *Cherneskey* case. Thus, in Ontario, whose amendment is fairly representative, it is now enough, in order to succeed in the defence of fair comment, to show that a person *could* honestly have held the opinion expressed, not necessarily that he did. As this report went to press, Manitoba, Saskatchewan, Alberta, New Brunswick, the Northwest Territories and the Yukon, as well as Ontario, all had amended their statutes to overcome the reasoning of the majority in *Cherneskey*.

Supports: the Post Office

Canadian newspapers, both daily and weekly, are quick to argue that government interference of any sort is antithetical to freedom of the press. They are equally ready to assert that they claim no special privileges and receive no government support. The Canadian Daily Newspaper Publishers Association, in one of its briefs to the Commission, had this to say:

In Canada, daily newspapers are published freely and independently. They are independent from subsidization of any sort.³⁴

That is not exactly the way it is. There are, for example, the excise tax exemptions. And there is the Post Office.

Newspapers and periodicals (with some exceptions) are subsidized in Canada through a system of concessionary postal rates. They are classed as second class mail and, as such, are entitled to lower rates. According to the finance department, that subsidy to newspapers cost the Canadian taxpayer more than \$27.5 million in 1980.

Concessionary postal rates for newspapers have existed since 1867 when the first Dominion Parliament established the Canadian Post Office on a national basis. There were excellent policy reasons for the subsidy. The Government was anxious to encourage the dissemination of news to all parts of the new federation — for purposes of national development, for education purposes, and for the promotion of democratic ideals.

By the 1940s, the context within which the Post Office operated had changed and the reasons for the early subsidization had diminished greatly. The Post Office was no longer the only general means of communication. Education was becoming universally available. Other forms of communication had developed — radio and, later, television — and virtually every town and city had access to a newspaper.

Postal deficits, meanwhile, climbed and climbed. There were periodic rate adjustments but second class mail subsidies remained intact. During the early to mid-1960s, three Royal Commissions wrestled with the problem of concessionary second class rates and, in 1965, the Post Office itself set up a Second Class Rates Study Committee.

The position generally taken by Post Office officials is that the world is now vastly different from what it was when the subsidization policy was begun. The economics of publishing have changed. The costs of publishing are supported primarily by advertisers and more than half the content of most publications is made up of advertising so that the advertisers, in fact, have become the beneficiaries of the government policy of subsidizing second class mail. Most newspapers are no longer struggling little enterprises; many are owned by large corporations and conglomerates. Why, in these circumstances, should the taxpayer, reader and non-reader alike,

contribute to their wealth? It is imperative that the Post Office balance its books and concessionary rates which long ago lost their original validity are a good place to start.

That is the Post Office view. The contrary position of the publishers is set out forcefully in the CDNPA's submission, in 1979, to the Government with regard to Bill C-42, which established the Canada Post Corporation:

Since the early 1700s Parliament has recognized that, to the extent that rate subsidization on the transmission of newspapers existed, that subsidy was a subsidy to the people, not a subsidy to the newspaper publishers. The people were subsidized to ensure an unrestricted free press was available to all Canadians at low cost. A strong democracy requires a fully informed electorate. . . . The facilitation of the movement of this information at an economical cost to Canadians, regardless of where they live, is vital to the welfare of our society, to the maintenance of our freedoms. 35

The Davey Committee was persuaded to this latter view, although it also made the comment that, in the main, daily newspapers are not heavily dependent on the mails.

This Commission does not advocate the abolition of concessionary rates. It particularly sympathizes with the publishers of weekly newspapers who pleaded with us to recommend against increased postal rates and against reclassifications from second class categories; their very persuasive argument was simply that, without concessionary rates, they would cease to exist.

However, we raise the issue of Post Office subsidies in order to make another point. Because newspapers are indeed fundamentally critical to our democratic society, their publishers should feel no need to be defensive if society values them accordingly and agrees to reward their efforts by way of a subsidy. They should not be heard to say that they are "independent from subsidization of any sort" when what they really mean is that they accept subsidy provided their right to publish as they see fit is not compromised.

Excise taxes

The newspaper industry in Canada enjoys large benefits from the indirect subsidies provided under the terms of the Excise Tax Act: it escapes the sales tax.

The manufacturer's sales tax is the principal federal commodity or excise tax. It is a tax of general application, although there are a few exceptions, notably newspapers, magazines, and periodicals. It applies to sales of goods to wholesalers, retailers, and individual consumers. Services are not taxed, but any manufactured or produced goods used in the provision of services are.

Newspapers and magazines, however, unlike other printed materials, have always been exempt from tax on their outputs; that is, on the physical newspaper or magazine produced. Since 1927, they have also been exempt from tax on the manufactured goods which go into their production.

These exemptions are tax expenditures, as the Department of Finance calls them, tax monies that could be collected but are not. And the purpose of tax expenditures is, according to the finance department, 36 to "grant a subsidy or incentive for those engaging in a specific activity or for those in certain special circumstances..." They are *indirect* subsidies, but they are subsidies nonetheless.

The newspaper industry, which declares itself to be utterly opposed to direct subsidies, is right in contending that indirect subsidies, tax expenditures, are different: they are much more valuable than direct grants. According to the Department of Finance:

In considering the value of any particular tax expenditure item, it must be realized that the value to the taxpayer of a dollar of tax preference is often worth substantially more than a dollar of equivalent direct spending. This results from the fact that, while all tax expenditures directly increase after-tax incomes of taxpayers by the amount of revenue foregone, government grants are generally taxable to the recipients. Thus, the value to the taxpayer of a dollar's tax preference may be one-and-a-half to two times the value of a dollar of direct spending.³⁷

It is difficult to assess with precision the benefit, in actual dollars, of the excise exemptions to the newspaper industry. However, a conservative estimate would be in the neighborhood of \$70 million, under methods of calculation used by the finance department.

Again, as in the case of concessionary postal rates, we can find no fault with a public policy that recognizes the special nature of newspapers and the vital role they play. We merely point out that newspapers do have these public supports.

Bill C-57

Over the years, Revenue Canada, partly in an attempt to limit the range of publications entitled to claim the sales tax exemption, developed eligibility guidelines for newspapers. To be eligible for exemption, a publication must not have more than 70 per cent of the space in more than 50 per cent of its issues devoted to advertising—the same definition used by the Post Office in establishing who is eligible for second class mailing privileges.

In 1978, a decision of the Federal Court of Canada³⁸ negated the department's power to prescribe definitions by regulation. Bill C-57 was passed in order to provide the stricken regulation with the force of law. The new definition, slightly modified in response to representations from weekly newspapers, is now 75/25, advertising to editorial.

Given that Bill C-57 merely codified what had been a long-standing practice with regard to the eligibility formula, the onslaught made on that bill before the Commission was nothing short of astonishing. The CDNPA, in its brief, described the 75/25 formula as "an unacceptable intrusion into the editorial sector of a newspaper publisher's responsibility". Further:

Control by percentage of editorial content is only one short step away from control of editorial content. We believe this section of the proposal has the potential for striking at the heart of our free press. We believe it represents an unacceptable encroachment into the editorial and publishing process.³⁹

And publishers did not like the other provision in Bill C-57 — the removal of the tax exemption on advertising inserts — any better. J.P. O'Callaghan, publisher of the Edmonton *Journal*, urged the Commission to deal with the "baleful threat" of Bill C-57. He warned that henceforth bureaucrats, not publishers, may decide what a newspaper contains; that "the sticky hands of government are never far away from

our traditional freedom of speech and freedom of the press." He added that Bill C-57 "is the newest weapon in this assault on press freedom" and urged the Commission's support "in blunting its firepower". Because advertising inserts are to be taxed like the ordinary flyers they in fact are? Such protestations are more purple than persuasive.

Advertising inserts became tax-exempt as the result of a departmental interpretation in the early 1970s which classed them as raw material used in the manufacture of a newspaper. The practice of using newspapers to distribute advertising flyers grew rapidly. Advertisers reaped a dual advantage: one, they escaped the nine per cent tax on the cost of printing which they would have to pay were the identical flyers distributed in any other way; two, by arriving in the subscriber's home as part of the newspaper — a newspaper wanted and paid for — the advertising matter, in effect, borrowed status from the newspaper; so introduced, it would be less likely (at least that is the theory) to be chucked directly, unread, into the garbage. Newspapers benefited from the extra revenue, which, one uncharitably suspects, may be the real reason for the hue and cry about freedom of the press being infringed by the tax on the piggy-backing inserts.

In Bill C-57 the government clearly opted for the principle that, in order to qualify for tax subsidy, printed matter must have a social value over and above offering something for sale. That is an admirable principle.

The Income Tax Act: Sections 19 and 20

A number of witnesses pointed out to us the anomalous effects of several amendments to the Income Tax Act enacted during the heyday of Canadian nationalism in the 1970s. Intended primarily to assist Canadian magazines in their competitive struggle with foreign publications, and to prevent foreign ownership of Canadian newspapers, the effect of the amendments appears to have been to contribute to concentration in the publishing industry.

Section 19 of the Act, originally passed in 1965, stipulates that advertisements published in non-Canadian newspapers and periodicals but aimed primarily at Canadian readers cannot be deducted, for tax purposes, as a business expense. It defines a Canadian publication as one that is printed, edited, typeset, and published in Canada. (In 1976 the advertising provisions were extended to include advertisements beamed into Canada by television and radio stations along the Canada-U.S. border.) Moreover, a corporation publishing or broadcasting in Canada must, in order to be considered Canadian under the law, be three-quarters Canadian-owned and directed and must be incorporated in this country — an effective block to foreign ownership of a Canadian publication.

This provision in the Income Tax Act must be seen in connection with another. Section 20 of the Act, which was designed to put Canadian firms on an equal footing with foreign companies, extends the deduction for interest on money borrowed to purchase assets to money borrowed to purchase shares of another company. Since any interest deduction is of greatest value to those who can borrow the most, the effect of this section is to help owners of large corporations to buy up more existing companies.

Thus with Section 19 eliminating competition from outside the country and Section 20 providing a tax deduction for large corporate chains wishing to buy more

papers, the two together, it was represented to us, have contributed to concentration of ownership in the newspaper industry.

Anti-combines and competition law

From Victoria to Halifax, wherever the Commission held hearings, one issue invariably arose: the inefficacy of existing combines legislation. The Commission received more than 130 separate submissions which recommended tougher, more effective

competition laws.

There is also no doubt that there is official concern. During the 1970s, the Crown lost every major anti-combines case to come before the Supreme Court of Canada. On March 31, 1981, while our hearings were in progress, the Minister of Consumer and Corporate Affairs, André Ouellet, told the Montreal Chamber of Commerce: "I think we are past the point of wondering whether it is necessary to reform Canada's competition policy. All we have left to decide is when and how we are going to go about it."

As far as newspapers are concerned, we are now left with the legacy of the

Irving case.⁴¹ It is a sad legacy.

The Director of Investigation and Research, Combines Investigation Act, observed, in 1978, that the Supreme Court of Canada decision in R. v. K.C. Irving, Limited, et al "disposed of whatever hopes may have remained that the present criminal prohibition of mergers could be an effective instrument".⁴² Christopher Green, professor of economics at McGill University, has said that, after Irving, the situation is that "short of having a monopoly and exploiting it for all it's worth, Canadian firms will not be convicted of monopoly or monopolizing under Canadian anti-combines law".⁴³

The Supreme Court of Canada in that case seems to have drawn the last of the present Act's few teeth. Since it is also the only prosecution under the Act which involved the newspaper industry, it may be useful to examine some aspects of the case.

The events leading up to the prosecution are well known in the newspaper industry: the Irving family, father and three sons, had, through their various companies, acquired all five (that is, counting the two-in-one papers as separate titles) Englishlanguage daily newspapers in New Brunswick. They were charged under the Combines Investigation Act with two counts of merger and two counts of monopoly.

One of the issues that arises from the wording of the definitions of "merger" and "monopoly" in the Act is the question, what constitutes "control"? Mr. Justice Albany Robichaud, the trial judge in *Irving*, wrestled with the question. "Control," he said, "does not mean a temporary and uncertain, but rather continuous and certain control of the affairs of a company, which can only be obtained by an undisputed majority of the stock."44 The evidence submitted to the court was that K.C. Irving, Limited and associated companies did not *directly* influence the publishers and editors of their papers. Control, that is, "management at the top", was actually exercised by Ralph Costello (publisher of the Saint John *Telegraph-Journal* and the *Evening Times-Globe* and president of New Brunswick Publishing Company, Limited) who, in the words of the court, was "definitely Mr. Irving's right-hand man". Mr. Justice Robichaud ruled that "the right to control the said newspapers ipso facto became perquisite, or the attribute and prerogative of the acquiring company". 45

The Appellate Division of the New Brunswick Supreme Court did not agree. Mr. Justice R.V. Limerick, for the court, stated that the trial judge had erred in disregarding his own finding of fact (that the Irvings allowed their newspapers editorial autonomy) and "becoming involved in the realm of theory, holding that in spite of the facts since the legal right of control remained in K.C. Irving, Limited and Mr. Irving personally, the potential was always present to be exercised at any time and the *likelihood* that such control could be exercised was always present".46 The appellate court then held that the trial judge also erred in his interpretation of the meaning of the word "likelihood", holding that it meant "will probably", not "may possibly".47 The Supreme Court of Canada, in its judgment upholding the appellate court, left the point open, although Chief Justice Bora Laskin noted *obiter* that "it seems incongruous that a prohibited merger or monopoly should not include newspapers in respect of their editorial direction. . . "48

Almost every phrase of the definitions set out in the Act, as well as in the section setting out the offences, has been subject to progressively narrower judicial interpretation. It is, however, through the courts' interpretation of the phrase "to the detriment or against the interest of the public" that the Combines Investigation Act has lost all vitality. The decision in *Irving* was merely the administration of last rites.

It is not intended here to discuss the meaning of "detriment" as it has evolved through judicial interpretation. (For a comprehensive analysis, the reader is referred to a study entitled "The treatment of the term 'to the detriment or against the interest of the public'", prepared for the Commission.⁴⁹) It is relevant here, however, to see how it was dealt with in the *Irving* case.

At trial, Mr. Justice Robichaud held that, although detriment must be affirmatively established, "once a complete monopoly has been established... detriment, in law, resulted". 50 The emphasis here is on complete monopoly. But the learned judge went further: "...any agreement or arrangement designed to prevent or lessen competition, to restrain trade, or even tending to take it out of the realm of competition, must be considered to be against public policy and consequently illegal, even although it may not appear to have actually produced any result detrimental to the public interest." 51

A line of cases had established that the particular interest of the public to be protected in a combines situation was economic interest; that is, the public, through free competition, was to be protected against "enhancement of prices". Thus, in the case of R. v. British Columbia Sugar Refining Co. Ltd. et al,⁵² in 1960, Chief Justice E.K. Williams ruled that not only must the Crown establish "excessive and exorbitant profits or prices" in order to show detriment to the public but "the Crown must also establish a virtual stifling of competition". More than that:

...it is not all combines that come within the operations of the Combines Act but only those that have operated *unduly*, or are likely to operate *unduly* to the detriment or against the interest of the public....53

The appeal court in *Irving*, after ruling that detriment must be found as a fact, not as a matter of law, specifically struck down the idea that the lessening or elimination of competition through monopoly or merger raises a presumption of detriment. Detriment must be specifically proven and proven, apparently, in terms of economic harm. According to Mr. Justice Limerick:

The evidence discloses no detriment to the public relating to the newspapers as articles of trade or commerce or even as to editorial policy if such can be considered as being included in the contemplation of what is detrimental to the public interest. The (Irving) papers were among the last in Canada to raise their price from eight cents to 10 cents. Their advertising rates per line and per milline are not above the average rates in Canada.⁵⁴

The Supreme Court cited the trial judge's finding of fact that New Brunswick's economy and industry had benefited because "all profits have been reinvested in New Brunswick enterprises".55

Proof, in a criminal case, must be established beyond a reasonable doubt as to all essential elements of the charge — a virtual impossibility, if specific instances of material harm must be demonstrated. Such a test applied to newspaper competition, where the potential harm in the lessening or elimination of competition is the undermining of one of the requisites of democracy, is ludicrous. G.B. Reschenthaler and W.T. Stanbury, writing in the *Canadian Business Law Journal*, have commented that the Supreme Court's decision in *Irving* "is a triumph of business power in the context of a very strictly construed statute almost totally inappropriate to the task at hand". They commented further that, by that decision, "the merger provisions have been effectively read out of the Combines Investigation Act".56

Consumer and Corporate Affairs Minister André Ouellet, in the speech referred to earlier, promised to decriminalize merger and monopoly provisions in proposed new competition legislation. That would mean that the standard of proof would no longer be "beyond a reasonable doubt"; the much less demanding "balance of probabilities" test, the standard of proof in civil cases, would apply. Ouellet promised further to delete the terms "detriment" and "against the interest of the public" — all but impossible to define — from future legislation, and to establish a mechanism for scrutinizing proposed mergers of significant size before they took place. (The Irving case dealt with completed mergers.)

All that would help, provided any new competition legislation proposed is not once more allowed to expire on the Order Paper. It is the Commission's considered view, however, that competition laws, regardless of how strengthened, are simply inappropriate to the regulation of monopolies in the newspaper industry.

The simple, inescapable fact is that newspapers are *not* like other business ventures. The public's interest in vigorous competition among newspapers is not one that can be quantified in any dollars-and-cents terms. It has to do with the number and quality of independent voices finding expression, voices undaunted and undiminished by dollar concerns.

The point is well made in an opinion written, in 1970, by the United Kingdom's Monopolies and Mergers Commission:

The special risk arising from (newspaper) concentration lies rather in the fact that, if the owner of a wide-ranging group were to use whatever power in this respect his ownership gave him so as to prevent accurate presentation of news or free expression of opinion, or were he indeed to abuse this power in any other way, the damage would be much greater because of the area over which the harmful effects would be sustained.⁵⁷

The United Kingdom's Royal Commission on the Press, in 1962, had this to say:

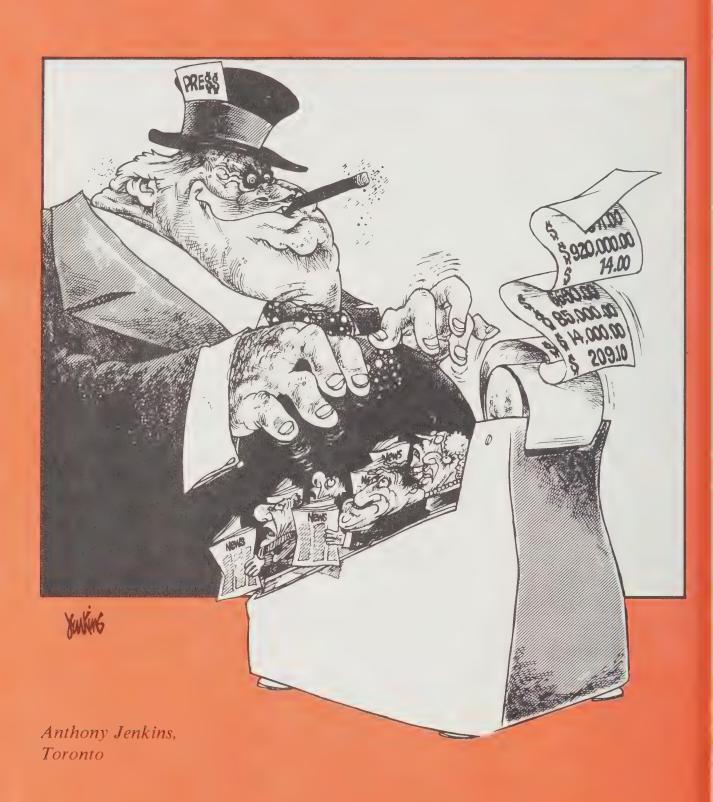
Then it may be said — and said truly — that the proposal involves treating the newspaper industry differently from industry in general. The answer is that the public interest in relation to the newspaper industry is different. The discrimination is based on the proposition that freedom and variety in the expression of opinion and presentation of news is an element which does not enter into the conduct of other competitive industries and that it is of paramount public interest.⁵⁸

This is a public policy approach — to treat newspapers differently — that this country would do well to emulate.

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The newspaper as a business

HE business of the newspaper can be summed up in the names commonly given to many of the early ones, *Intelligencer* and *Advertiser*. The paper delivers news to readers, readers to advertisers. Canada still has one *Intelligencer*, or "bringer of news", in Belleville, Ontario. The country's first daily paper, founded in 1833, was the Montréal *Daily Advertiser*, but there are no papers of that name left, although about four-fifths of Canadian daily newspaper revenue comes from advertising.

Unless a newspaper is supported by a government, a political party, a church, an institution, or some other well-wisher, who thereby gets an opportunity to influence content, it must rely for its livelihood on selling in two markets. Editorial content—news, comment, analysis, entertainment—goes to readers. The readership is sold, in the form of space in the newspaper, to marketers of goods and services, who in turn add to the readership through the appeal of their ads. In other words, the newspaper is in trade and must make its own internal peace, on behalf of its readers, between service and profit.

Writing of the "variety of commercial pressures" faced by newspapers, two British authors said, "To some extent these are healthy. They encourage editors and journalists to write for readers rather than for themselves. Less effectively, they encourage newspaper managements to watch their costs and improve their efficiency." On the other hand, the authors noted, commercial pressures lead to newspaper closings. They deter entry of new papers. And they lead newspapers to tailor content to reach the particular audiences sought by advertisers, according to social class, income, and spending habits.

The Commission was told by Eric Wells, a former editor of the Winnipeg Tribune, "Advertising is in fact a very important part of information." But he thought the Winnipeg newspapers had "gorged themselves to death on a surfeit of advertising". Summing up his view of the Canadian daily newspaper industry, he said, "The news is not the biggest overhead of the newspaper today; most of the cost is to be found in the overhead of servicing the ads."²

To get to the bottom — and the bottom line — of this country's newspaper economics, the Commission undertook an extensive study through questionnaires

answered in confidence by the newspaper proprietors.³ This has given us the general picture of revenues, expenses, and net income (before payment of interest and taxes), shown in Table 1, which we will examine in some detail. But, first, let us take a look at how the seven-year story of newspaper finances which we are presenting fits into the context of Canadian newspaper development.

The turn of the century was the critical period for the creation of modern newspapers. Hearst and Pulitzer in the United States, Harmsworth (later Lord Northcliffe) in Britain, had revolutionized the press by creating the cheap, mass-circulation daily to match the readership market of the growing cities. When Alfred Harmsworth's Daily Mail rolled off the presses for the first time in 1896, 397,215 copies were sold for a ha'penny each, half the price of competing newspapers. (Even today in Canada, only the Toronto Star sells more than that many copies a day.) But low price did not apply only to what would now be called a "down-market" paper for the masses, such as the Daily Mail. In that same year, Adolph Ochs bought the New York Times with firm plans for "up-market" influence; he cut its price from three cents to a penny.

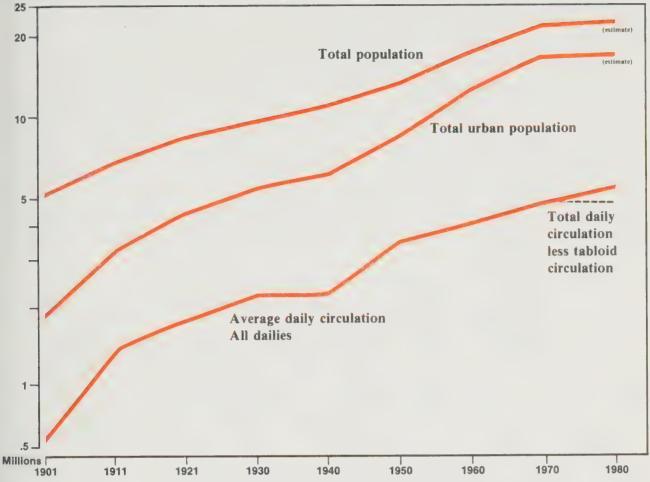
In Chart 1, we can see the soaring rise of circulation in Canada during the period from 1900 to 1911. A combination of the linotype, high-speed presses, and a decade of rapid population growth, gave newspaper proprietors the opportunity to work the newspaper revolution in this country. Daily circulation per capita almost doubled between 1901 and 1911, going from 0.105 to 0.192. In general content and reach into urban markets, the modern Canadian newspaper had reached its age of maturity by the time of World War I. Future circulation growth was to depend on population growth — particularly urban growth — and the agility of the papers in keeping pace with changing tastes and changing distribution of audiences during the rural-to-urban shift and the evolution of the cities. There were the flights to suburbs and exurbs, the returns to downtown cores, the generation of new buying habits. Per capita circulation hit 0.207 in 1930, dropped during the Depression, rose during the postwar boom to 0.237 in 1955, and is now at about 0.230, or only some 20 per cent higher than in 1911.

Looking at circulation on an aggregate weekly basis, which is what we do in our detailed studies, the Canadian daily newspaper industry was selling one-and-a-third newspapers a week per capita in September of 1980. Daily newspaper buying was highest in Prince Edward Island — Canada's most even balance of town and country — at 1.66 copies a week, or 5.97 per household, which means that on average there was a daily paper going into P.E.I. homes six days a week. Ontario was second at 1.64 per capita and 5.01 per household. Québec, with its established preference for weekly newspapers, and its present devotion to television, was well down the list at 1.09 per capita and 3.49 per household. This approached the low level of un-citified provinces such as Saskatchewan (0.85 per capita, 2.70 per household) and Newfoundland (0.54 and 2.23).

These variations by province call for a word of warning that is necessary as we go on to look at aggregate figures on revenues, expenses, and profits. Although we can give some breakdowns by classes of newspaper, or regions, we are using proprietorial information that the companies are entitled to keep to themselves. The aggregate figures we can provide differ from the particular financial structures of individual newspapers. What is true for the Canadian daily newspaper industry in general is not true for each newspaper.

Chart 1
Population and circulation trends, 1900-1980

(Data are plotted on a vertical logarithmic axis which facilitates comparison between rates of change, shown by the slope of the trend lines)



Source: Culture Statistics. Newspapers and Periodicals. Statistics Canada (87-625).

Population figures from Statistics Canada. Census Division.

1979 figures from Communications Research Center.

Total circulation, per-capita circulation, and circulation per-capita of urban population for selected years 1901 to 1980

Year	Total daily circulation	Index of total circulation (1950 = 100)	Per-capita circulation	Ratio Total circulation/ Urban population
1901	600,000	18.1	0.105	0.298
1911	1,380,000	41.7	0.192	0.422
1921	1,700,000	51.4 .	0.194	0.391
1930	2,145,000	64.8	0.207	0.385
1940	2,165,000	65.4	0.188	0.346
1950	3,310,000	100.0	0.236	0.384
1955	3,780,000	114.2	0.237	_
1960	3,850,000	116.3	0.216	0.303
1965	4,250,000	128.4	0.216	_
1970	4,640,000	140.2	0.215	0.284
1975	4,954,000	149.1	0.215	0.284
1980	5,409,000	163.4	0.229	0.304

Source: *Printing, Publishing and Allied Industries.* Statistics Canada (36-203). Population figures from Statistics Canada. Census Division.

Revenues: circulation

The average daily newspaper costs less than a good cup of coffee, except in the case of some of the big weekend editions now being produced in the larger cities. The price is designed, relatively speaking, to bring in readers for the ads rather than for revenue. That has been basic to mass-circulation journalism from the beginning. It is no less basic today, when television and radio news are available "free".

The trend over the past 30 years, if we smooth out the ups and downs, has been to look to the cover price of newspapers for a steadily declining proportion of revenue: 28.1 per cent in 1950 and about 20 per cent today. The Commission's own study for the seven-year period 1973-74 through 1979-80, based on replies to questionnaires and some estimating, includes very small revenues from sources other than cover price and advertising, such as contract printing, and differs very slightly in its results from Statistics Canada, which has a less ample data base. But the trend and the figures are almost the same. Circulation revenue dropped from 23.8 per cent of total revenues in 1974, to 20.2 in 1980. (See Table 1, right-hand side, fifth row of figures from the top.)

In actual money from subscribers and single-copy purchasers, that represented prices ranging from 10 to 20 cents per issue in the earlier year and from 15 to 35 cents in 1980. Translated into constant 1971 dollars, the price of a newspaper actually went down slightly — from an average of about 12 cents an issue to 11 cents.

Could the newspapers get more from subscribers and single-copy purchasers in order to become less reliant on advertisers? We found no clear pattern to help provide an answer. Three small-town papers with daily circulation under 40,000 increased prices from 15 to 20 cents in 1976 and 1977: all suffered losses in reported circulation in the following period. Another newspaper in the same range increased its price three times — going from 10 to 25 cents — and enjoyed circulation gains throughout the period. Another example comes from a competitive market in which two newspapers increased prices in 1975 and 1977. In both cases the circulation of the smaller newspaper, a tabloid, increased; the circulation of the other newspaper dropped after the first increase, but rose after the second.

What the cut-rate price of a newspaper does is hold readers in difficult economic times such as Canada was undergoing through much of the 1974-80 period. Readers cannot make much of a saving by dropping their paper. With its low price, the paper is reaching through the reader to the advertiser. The cover price is the loss leader to ensure sale of the more profitable item, advertising space.

Gordon Fisher, president of Southam Inc., told us that the newspaper is "a remarkable bargain".

What else can you buy for the price of a daily newspaper today? Do I think that newspaper readers are sufficiently loyal to the values of our products, that they would be willing to pay more if we jacked our prices up pretty aggressively? Yes, I think they would...But every time a newspaper increases its subscription price, its circulation drops slightly, depending upon circumstances, and then comes back...

I think I would say that we are closer to charging advertisers the fair economic rate for what they buy from us than we are in charging individuals the fair economic price for what they buy from us, but I wouldn't moralize over that.⁴

Table 1
Newspaper industry in Canada—In historic dollars

Advertising revenue National Retail Classified 114129 1 Inserts Circulation revenue Production expenses Newsprint 96768 1974 221962 221962 21962 21962 21962 21962 21963 21963 21964 210909 2109	1975	1976	1977	0101	1070	0000			V III O 1	1011	00001	010	
82816 221962 114129 10909 136860 9044 575720				19/8	13/3	1980	1974	1975	1976	1/61	1978	1979	1980
82816 221962 114129 10909 136860 9044 575720		(thousan	(thousands of dollars)	((inc	(income and revenues—% of	revenue	s-% of	gross revenues)	venues)	
82816 221962 114129 10909 136860 9044 575720								nadva)	% — sas	(expenses—% of gross expenses)	cybenses		
82816 221962 114129 10909 136860 9044 575720 s							•	,	((•		
221962 114129 10909 136860 9044 575720 s	92026	108682	125961	134754	138644	15/596	14.4	14.1	13.8	13.9	13.8	13.0	13.5
114129 10909 136860 9044 575720 s	258766	299931	346175	379548	394960	446785	38.6	37.6	38.0	38.2	38.8	38.7	38.4
10909 136860 9044 575720 s	148232	166498	192698	204849	212438	239514	19.8	21.5	21.1	21.3	21.0	20.8	20.6
136860 9044 575720 s	16101	22421	32087	38306	49562	65439	1.9	2.3	2.8	3.5	3.9	4.9	9.6
9044 575720 censes 96768	157799	181420	196700	206305	210541	234608	23.8	22.9	23.0	21.7	21.1	20.6	- 20.2
575720 oenses 96768	10776	10402	12430	13237	15320	19276	1.6	1.6	1.3	1.4	1.4	1.5	1.7
89296	088750	789354	906051	666926	1021265	1163218	100.0	100.0	100.0	100.0	100.0	100.0	100.0
89296													
	118574	149640	174044	193562	201573	244192	19.9	20.6	22.0	22.1	22.5	22.0	23.1
Printing 129984	151527	174695	195665	209688	217247	240753	26.8	26.3	25.7	24.9	24.4	23.7	22.7
Circulation and													
distribution 64831	78332	93616	111418	120627	135079	158444	13.4	13.6	13.8	14.2	14.0	14.7	15.0
Advertising and													
marketing 45134	51691	61366	71535	80388	85540	100807	9.3	0.6	0.6	9.1	9.4	9.3	9.5
Administration													
and other 70164	82966	90772	107480	114701	118726	130201	14.5	14.4	13.4	13.7	13.1	12.9	12.3
Editorial expenses 78278	93255	991601	126160	139994	158681	184477	16.1	16.2	16.1	16.0	16.3	17.3	17.4
Total expenses 485159	576345	679255	786302	096858	916846	1058874	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Newspaper income 90561	112405	110099	119749	118039	104419	104344	15.7	16.3	13.9	13.2	12.1	10.2	0.6
Expenses included above													
Salaries + bfts 234077	274681	320959	366329	386408	404661	465644	48.2	47.7	47.3	46.6	45.0	44.1	44.0
Depreciation 13042	16447	18039	20708	24010	25330	28927	2.7	2.9	2.7	2.6	2.8	2.8	2.7
Inter-corp chgs 13907	17240	20684	25526	38365	38587	18756	2.9	3.0	3.0	3.2	4.5	4.2	1.8
Research + dev 20	533	442	513	204	126	98	0.0	0.1	0.1	0.1	0.0	0.0	0.0

Revenue: advertising

The newspaper that the advertiser wants the reader to have is a mighty forest-guzzler. It lands with a heavier thump on the doorstep each year. Drop a Saturday edition of a big-city paper on the stairs and it will cascade downward as though coming off the press anew — news sections, sports section, business section, entertainment section, lifestyles section, sections on this, sections on that, comics, supplements, inserts, TV schedule, enough to paper a hundred birdcages, and then some.

The advertising revenues that produce the fatter papers have expanded from 74.7 per cent of newspaper revenues in 1974 to 78.1 per cent in 1980. Statistics Canada puts the proportion a shade higher. Unlike the newspapers' cover price and circulation revenues, they have also grown in uninflated dollars. The figures can be followed year by year on Table 1 for each of the main categories of advertising. They are summarized in Table 2.

Table 2

Daily newspapers—1974 and 1980

	Millions	of dollars	Annual compo	und growth rate
	1974	1980	Current \$	Constant \$
			%	%
Retail	\$222.0	\$446.8	12.7	2.6
National	82.8	157.6	11.8	1.8
Classified	114.1	239.5	13.5	3.4
	418.9	843.9	12.7	2.7
Supplements, inserts, shoppers	10.9	65.4	35.1	23.2
	\$429.8	\$909.3	13.7	3.5

The longer-term series from Statistics Canada, Table 3, shows the development of advertising revenues as a proportion of total newspaper revenues.

The effects of changes on the size of newspapers, and on the proportionate amount of editorial space, can be seen in Table 4. We have segregated newspapers by circulation groups in the left-hand column, the figures being for aggregate weekly circulation. In the small-town group, Thomson papers and others are shown separately. The second column shows the average number of pages for each group in 1980; the third shows the annual compound growth rate in numbers of pages during the period. The fourth column shows the proportion of the papers devoted to editorial content, rather than ads; the fifth indicates the number of percentage points by which this "news hole" was up, down, or even by comparison with 1974.

Looking at growth of advertising and newspaper size, we see the papers growing bigger at a slightly greater rate than the increase in advertising revenue in constant dollars during the period. But there is exceptionally heavy growth in the size of the

Table 3

Daily newspapers' advertising revenue
as a percentage of total revenue, 1968-1979

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
72.7%	73.8%	73.2%	73.1%	74.8%	76.3%	77.4%	77.0%	77.9%	79.0%	80.1%	79.3%

Source: Culture Statistics. Newspapers and Periodicals, 1978. Statistics Canada (87-625) p. 9. Preliminary figures for 1978-79 supplied by Statistics Canada.

small-town newspapers other than Thomson's. In all but the biggest papers, more ads have meant proportionally more editorial content. On average, papers were putting two-fifths or more of their space into the news hole, though a number of people maintained at our public hearings that some of the material in the news hole—travel articles, real estate coverage, some of the entertainment coverage, and so on—related more to the interests of advertisers than to those of readers.

Reviewing the figures, it can be said that by the time this Report is read the Canadian daily newspaper industry will be taking in advertising revenue at the rate of about \$1 billion a year, compared with circulation revenue at about \$250 million. As the Davey Committee researchers put it a little over a decade ago, "the economics of advertising ultimately determine all other decisions basic to the operation of a newspaper."5

The volume of advertising from which newspapers can draw their share moves, generally speaking, with the economy, and more particularly with the level of con-

Table 4Average number of pages per daily newspaper — 1980

Aggregate weekly circulation	Tot	al pages	Edi	torial pages, proportion*
	Number of pages	Annual compound growth rate % 1974-1980	%	Change in percentage points 1974-1980
under 250,000				
— Thomson	24	4.0	45	_
— Other	39	23.5	49	+7
250,000-500,000	57	5.7	43	+3
500,000-1,000,000	76	3.2	39	+1
over 1,000,000	85	4.3	40	-5

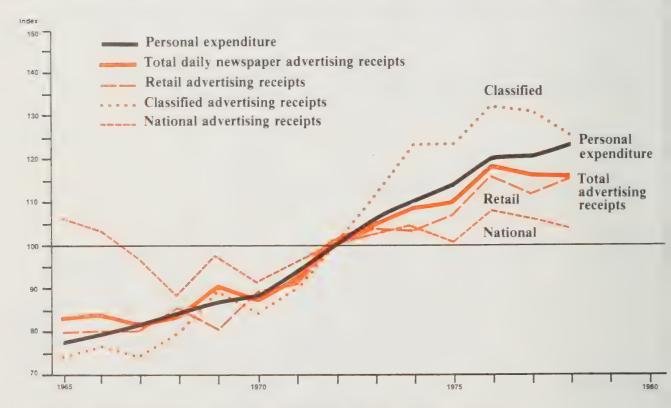
^{*}Editorial pages as proportion of total, or news hole.

sumer spending on goods and services that newspapers advertise. Chart 2 shows how advertising revenues of the newspaper industry and consumer spending per capita have moved together over recent years.

Of particular importance to newspapers is the level of retail advertising, which contributes the largest share of their total advertising revenue. The Davey Committee's economic research showed retail growing from 50.71 per cent to 52.44 per cent of newspaper advertising revenues between 1961 and 1967. This Commission's research shows it is now at the level of 56 per cent, if advertising inserts are included in this category. These inserts, listed as "other" under Advertising Revenue on Table 1, have been a growing source of revenue, moving from 1.9 per cent of the total — both advertising and circulation — in 1974 to 5.6 per cent in 1980. Traditional "runof-press" retail advertising remained steady, between 38 and 39 per cent of total revenue, during that period.

The second most important category of advertising, from the revenue point of view, is classified. The third is national, a confusing term since it can as readily be regional as national. It means advertising that is more general in scope than that directed at selling things locally. For example, governments at all levels and their

Chart 2
Index of per-capita personal expenditure on consumer goods and services and per-capita advertising receipts by daily newspapers in constant dollars (1971 = 100)



Source: Printing, Publishing and Allied Industries. Statistics Canada (36-203).

National Income and Expenditure Accounts, 1965-1979. Statistics Canada (13-201). Table 54.

Updated by Statistics Canada.

Population figures from Statistics Canada. Census Division.

agencies, taken together, are now the largest single source of advertising and this is considered "national", whether it be in fact federal, provincial, municipal, or school board.

The three types of advertising — retail, classified, and national — have to be seen in reverse order when considering revenue in relation to space occupied in the newspaper. That is, retail gets more space for its dollar than does classified, and classified more than national. Those bulging mid-week newspapers carrying the supermarket ads reflect the space-eating nature of the retail sector, as do the Friday or Saturday papers carrying the big department store ads.

In recent years we have seen the retail advertiser tending to splurge on certain days, dry up on others, creating an accordion effect in the daily newspaper. The newspaper has responded by trying to make each day a "special" day, with its own supplement, thereby taking on the nature of a daily magazine, or a daily weekly.

What a newspaper is selling is, of course, not just space, but space that will be seen by readers. The measurement used is a hypothetical agate line — a column-width line of small type — that will be seen by a million readers in return for payment of the "milline rate". The advertiser has to relate the agate-line rate on the newspaper's advertising rate card to the newspaper's latest published circulation figures in order to estimate the cost per reader.

The rate cards that newspapers publish are not much of a guide, however, to what they actually charge, since so many sweeteners are offered for volume and frequency of insertion. A picture of the actual recoveries made by newspapers over the seven years of the Commission's research study is given in Table 5 in constant 1971 dollars. It shows recoveries for the small-circulation dailies running behind inflation. For other newspapers the pattern is mixed. Mid-circulation newspapers have made gains in retail and national recoveries whereas the largest dailies have not kept pace with inflation in these advertising categories. Both the mid and large circulations have remained about even in constant dollar recoveries in classified advertising.

The structure of the rate cards, reflecting economies of scale, provides a lower milline rate as the newspaper's circulation rises. The advertiser is interested in the cost per consumer reached. Thus, as an American writer recently put it, "a single newspaper in a given location can typically offer an advertiser a lower rate than could competing papers reaching the same total market."

At our hearings, Alasdair McKichan, president of the Retail Council of Canada, confirmed that when a newspaper closes in a two-paper market, the total dollar outlay on advertising decreases. Some of that spending might go to other media, he said, but "my impression would be that the majority of the monies would actually be saved from promotional expense." McKichan estimated that total retail advertising in Canada, of which newspapers get the major share, runs at a little under two per cent of the value of total retail sales. It was his view that advertisers were becoming concerned that the readers' "attention span" was strained by the number of pages in some of the higher-circulation newspapers.

This type of testimony recalls Eric Wells's remark about newspapers "gorging themselves to death". McKichan's testimony on the savings to be made by advertisers through elimination of newspaper competition recalls another view that we heard at the Winnipeg hearings. Merlin Lewis, who served successively as national advertising manager and retail advertising manager of the Winnipeg *Tribune* before his

Table 5

Advertising recoveries, per agate line, in constant dollars

Circulation	Re	tail	Nati	onal	Class	sified
group	1974	1980	1974	1980	1974	1980
under 250,000	.123	.106	.158	.132	.135	.109
250,000-500,000	.162	.178	.224	.239	.151	.150
500,000-1,000,000	.293	.325	.400	.417	.245	.240
1,000,000 and over	.553	.507	.993	.980	.608	.615

retirement, saw the seeds of destruction of the *Tribune* in 1980 sown years earlier in the refusal of an increasing number of department stores to advertise in that paper as well as in the front-running *Free Press*.

The turning point for the *Tribune* came, I believe, in the late 1950s when Simpsons-Sears opened their first store at the new Polo Park Shopping Centre. We were quite pleased that a new advertiser had appeared on the market, but our joy was short-lived. We were very soon to learn that the policy of this U.S.-influenced management company was such that they demanded domination of the media with the largest circulation, and they chose to interpret "media" as a choice between two newspapers...They paid no heed to the long-time practice of Eaton's and the Bay, who placed virtually equal linage in both papers so as to reach the total market.⁸

Lewis went on to say that the same problem was encountered with Woolco, K-Mart, and Zeller's, all important retail advertisers.

The present national retail advertising manager of Simpsons-Sears, Douglas Utter, appearing before the Commission in Ottawa, said advertising is placed "in those newspapers which have the best circulation cost per thousand and reach the particular audience. . . ." ⁹ This type of advertising behavior has a tendency to favor or reinforce monopoly newspaper situations.

Where newspaper markets have grown large enough to provide more than one "particular audience" of interest to the advertiser, two or more newspapers have been able to exist to serve these segments. Then, competition becomes a matter of trying to encroach on one another's segments.

The lessening of competition between papers has led them, as a group, to pay ever more attention to the competition for the advertising dollar from other segments of the information industry: community newspapers, television, radio, magazines, and so on.

The response to the challenge of the community newspapers, which have been attracting more pinpointed local advertising, has been for the dailies to try to gobble them up. The Davey Committee's researchers noted the beginnings of the trend and cited five dailies that had acquired weeklies within their market areas. This Commission's researchers found 30 spread across the country, ranging from the very large (Torstar) to the very small (several of the Sterling chain). The Hamilton Spectator

digested the weekly Burlington Gazette so thoroughly that it now appears as a weekly supplement to the Spectator in the appropriate area of distribution. There is always the possibility that other weeklies owned by dailies will suffer similar fates, perhaps even being absorbed into zoned editions of the daily, as has occurred in the United States.

But the principal challenge to the dailies has come from broadcasting, particularly television. Television appears to have started cutting seriously into the newspaper share of advertising revenue in 1955. Statistics Canada has reported that "until 1971, radio and TV advertising revenue grew at a much faster rate than that of daily newspapers. Since then the gap between them has remained relatively constant." The relative shares of advertising revenue of the different media in recent years are shown in the bar graphs in Chart 3. The daily newspapers, though losing a little proportionally, still account for as much revenue as television and radio combined.

The evidence obtained at the hearings and from a research study¹¹ indicates that the professionals in the advertising business regard the newspapers as a rather lazy medium. But the media services vice-president of one of the leading advertising agencies told us that newspapers have built-in advantages of immediacy, defined market areas, and "news value". For getting across detailed information about quality, contents, and prices, the print media have an advantage. But for getting an image across, imposing an impression of a product or service, television is ahead; it also benefits from the fact that the people who create the ads belong to the television generation and like using TV best. ¹³

Of greater interest to the public than the useful, but limited, competition for advertising revenue between newspapers and broadcasting is the extent to which dependence on advertising may influence editorial content. Robert Troutbeck of McCann Erickson Advertising of Canada, the media vice-president quoted earlier, said that advertising agencies tried to "match the environment of the media with the desired tone of the commercial message". Our research study on media selection by advertisers found that the advertiser, after pinpointing his market, sought "credibility and congruity of the medium selected to reach this group". 14

In other words, what the advertising department wishes to put together, let not the editorial department put asunder. It is the formula for what today's reporters call "market-survey journalism". In the more blatant era of forelock-tugging journalism of 30 years ago it was summed up, and sent up, in William Weintraub's satiric novel, Why Rock the Boat?, based on the old Montréal Gazette. We heard fears that the boat is, indeed, being rocked today, that the fat press is also sassy. For example, Keith McKerracher, president of the Institute of Canadian Advertising, said at an Ottawa hearing:

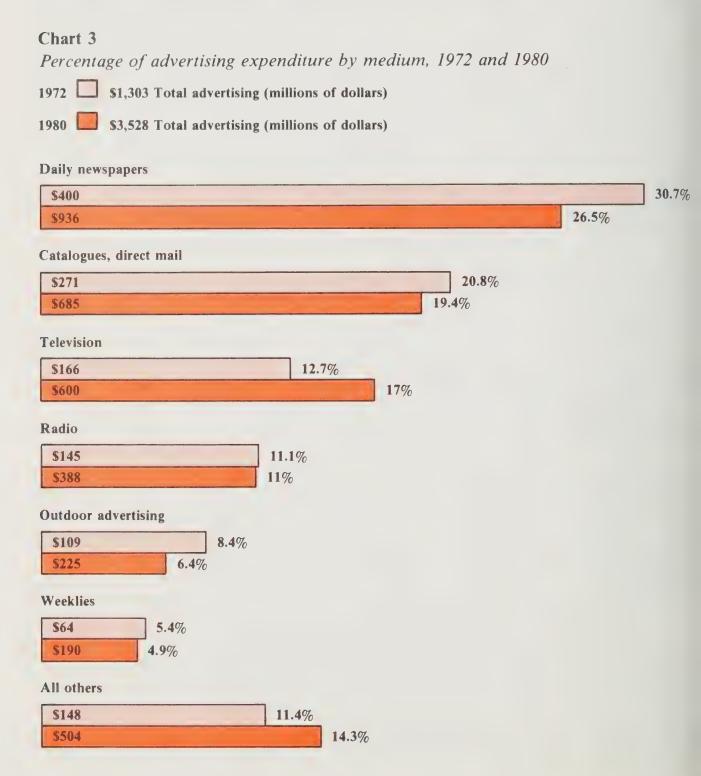
And you know, it's the view of the industry that we have absolutely no influence at all. And as a matter of fact, we often wish we did, because we believe that to a large extent, journalists in general—and I am not talking about newspaper journalists, I am talking about all journalists in all media, and most particularly younger ones—are extremely anti-business and hesitate not one whit in biting the hand that feeds them. 15

Our research study found less hesitancy about pointing the finger specifically at the newspapers:

A few executives commented on the fact that newspapers could be seen as being "sensationalistic". This was particularly apparent when newspapers carried stories about the industry or company with which the respondent was involved. Some of the executives attributed this to a perceived adversary relationship that seems to exist between newspapers and advertising clients, which does not appear to be found in dealing with other media. One possible exception are those major television stations who are always in a sold-out position. 16

Expenses: production

The newspaper business is a manufacturing industry. Close to half its expenses go into this side of the operation. The factory expenses themselves can be divided

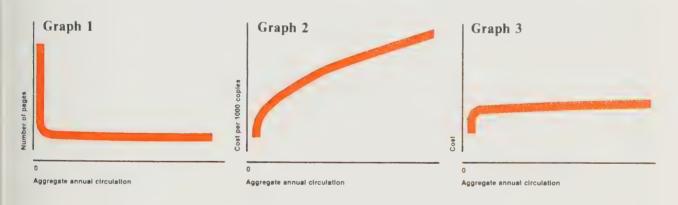


roughly in two: half for raw materials (newsprint) and half for manufacturing (type-setting and printing). There are exceptions to this picture, such as *Le Devoir*, which contracts out its printing, as does the *Globe and Mail* for parts of its national edition printed outside Toronto. The weekly newspaper industry has seen a steady trend toward the centralization of printing of many different papers at one plant. But nearly all daily newspapers still roll their own.

The Commission's research study caught the industry during a seven-year period characterized by increasing capital intensity. In Table 1 readers can follow the economies effected by new plant and equipment as printing expenses dropped from 26.8 per cent of the total in 1974 to 22.7 in 1980. Replacement of hot-metal typesetting by computerized cold-type methods (see Chapter 11) was going forward apace during this period, and heavy expenditures were also being made on new presses. At the same time, however, the newspapers were expanding in circulation and in individual size, thus consuming more newsprint, which was rising in price. Newsprint went from 19.9 per cent of newspaper expenses in 1974 to 23.1 per cent in 1980: that is, the raw materials had started costing more than the manufacturing process.

For every newspaper there is a "first copy cost", consisting of all the expenses up to the moment the presses start rolling. Then, as the presses pour out the product, unit cost plummets but, as press runs lengthen, additional costs are fed back into the system. The bigger the circulation, the fatter the paper, the more the expenses.

The process is seen in Graphs 1, 2, and 3. The curves on each graph are derived from the actual performance of the Canadian daily newspaper industry from 1974 to 1980. On the left, the sharp downward curve represents cost per circulated page against total annual circulation. It shows how the cost per circulated page for lower



The way cost per page drops as press run increases is shown in Graph 1. The way the paper increases in size to meet the advertising and news needs of larger and larger audiences is shown in Graph 2. The combined effect of economies of scale and costs of size-of-newspaper are shown in the mainly flat line of Graph 3.

circulation dailies is substantially higher than that for the larger papers. It explains why the larger papers can charge less per circulated line of advertising than the smaller ones. The graph in the middle shows how the number of pages in a daily newspaper increases with the size of its circulation. Finally, the economies of scale and the costs of volume are combined in the graph on the right, which shows cost per

copy against circulation. The slight rise to the curve suggests that cost per copy increases fractionally as circulation increases.

Production speed, and quality, are critical to the newspaper. It is a highly perishable product and, if not delivered on time, is dead. Standards for reproduction quality, especially of pictures and color, are demanding in the television age. At our hearings we heard complaints that newspapers too often gave advertisers "off-register" color. Undoubtedly one of the factors that helped the *Citizen* get out in front of the *Journal* in Ottawa was the higher quality of its color and print job after it moved to a new plant with offset presses in 1973.

Expenses: circulation and distribution

Roughly speaking, the farther a newspaper goes, the more it costs to get there, and the less likely it is to fall into the hands of a reader who is wanted by the advertiser. All over North America, newspapers have been pulling back into their retail trading zones, concentrating circulation in the areas of heavy coverage of the TV and radio stations. Some papers are deliberately national, or regional, in the audiences they try to attract, but most are local; and if there is one point on which all our hearings and research produced near-unanimity — on the part of owners, publishers, editors, advertisers, and readers — it is that the daily newspaper is seen primarily as a local institution. Both the cost of distribution, relying on intricate delivery networks and armies of young carriers, and the demands of advertisers, have dictated increasing attention to the quality of circulation. Our research study found:

The increased sophistication of advertisers and marketers is demonstrated in how they select their target audiences. Broad audience generalizations are being replaced by increasingly detailed descriptions of the primary target audience for a particular product or service. 17

The importance of distribution of circulation was dramatically illustrated by the fate of the Ottawa Journal in its losing contest with the Citizen. E.S. Leigh, former general manager of the Citizen, told us the tide was really turned in the Citizen's favor in the late 1950s. At that time, it was still behind its rival in overall circulation but had taken a lead in the rapidly growing Ottawa urban market. The Journal's advantage in rural areas and nearby towns and villages was expensive, both in terms of distribution costs and lower appeal to advertisers. Arthur Wood, the last publisher of the Journal, brought the story up to date when he told us that the resurgence of circulation of the Journal in its last year, when it was revamped as a morning newspaper, was again of the expensive exurban variety which failed to bring in advertisers.

The effort that newspapers put into circulation and distribution is reflected in Table 1, which shows this item going from 13.4 to 15 per cent of total newspaper expenses between 1974 and 1980.

Expenses: advertising and marketing

Just as advertising is a big revenue producer, so it merits some discussion on the cost side as well. The expense connected with putting out the average 50 to 60 per cent of newspaper content that is devoted to advertising — it can go to 70 per cent on some days — is, of course, spread over several departments. Though circulation brings in only a fifth of the revenue, the cost of putting out an adless paper would be much less

than five times circulation revenue; but since readers want the ads, as many surveys have shown, there is little point in speculating on what newspaper economics might be without them.

Whether people want the amount of advertising they are now getting in the bigger papers is another matter. Our readership survey put the question, "What one thing do newspapers do too much of?" "Advertising," said 40 per cent of respondents. The runner-up, at 15 per cent, was "sensationalizing, dramatizing or reporting of scandals". Third was "nothing" (eight per cent), fourth "too much sports" (seven per cent), and tied in fifth place were "bias" and "violence" (five per cent). 18 The results on advertising appear to tie in with the concern about strains on the readers' "attention span" mentioned earlier.

From our hearings and research we received what at first seemed contradictory evidence about advertising. On the one hand, newspapers were failing to provide advertisers with sufficiently precise information and therefore not selling all the advertising space they could. On the other hand, there were fears that newspapers were becoming so overburdened with ads as to reduce their effectiveness, not only as news providers, but as carriers of advertising itself. The answer may be that newspapers could slim down their advertising, without losing net revenue, by putting more effort into precision service, and at the same time improve their news and make it more readable. At the hearings, we heard from the president of the recently formed Newspaper Marketing Bureau, Donald Gibson, of some measures the industry is taking. The bureau represents 48 daily newspapers accounting for 75 per cent of national circulation. Gibson said the main area in which newspapers had been failing to hold their own was national advertising, in which television is particularly potent. Our readership survey showed TV also to be the stronger medium for general national and international news, as contrasted to specific local news. That is, newspapers may be failing on both the news side and the advertising side to bring home to local audiences the significance and excitement of information from outside their bailiwicks. On the advertising side, the aim of the bureau, using a Newspaper Audience Data Bank (NADbank), is to make it easier for national advertisers to plan and carry out good newspaper advertising campaigns.

For the newspaper industry as a whole, advertising and marketing expenses remained level at between 9 and 10 per cent of total expenses during our study period. They included not only the cost of bringing in the ads, but of promoting the circulation of the newspaper itself, though this is normally a relatively minor element.

Expenses: administration

It is said that the newspaper business is a five-finger exercise. The editorial department brings in readers, and revenue from their subscriptions and single-copy purchases. Circulation gets the paper out to the readers and tries to bring in more while keeping those it has. Advertising brings in the bulk of the revenue, and some more readers. Production gives circulation something to deliver. And administration sees that the other fingers are doing the exercise right.

Administration extends from boss to office boy or girl. Along with a few other comparatively minor charges such as research and development, administration gradually declined as a percentage of total newspaper expenses from 14.5 in 1974 to

12.3 in 1980, reflecting in part the computer revolution in the office which paralleled the one in the composing room and the newsroom.

This item in our financial account represents an area of much testimony and research, covered extensively in other chapters. Administration in the Canadian newspaper business has been greatly affected by the movement to bigger newspapers with a monopoly in their areas, and by concentration of ownership in chains. Sophisticated management-selection and personnel-appraisal policies have been developed by chain and conglomerate owners, along with close budgetary control. Centralized services to advise on common problems in the various aspects of newspaper management have brought a certain uniformity of approach. Local editorial control is proclaimed by all, but it exists within the confines of what is deemed necessary to the selling of newspapers at a profit.

What particularly struck the Commission in all we heard about administration was the extent to which the Thomson chain, at least in relation to its old string of small-town newspapers, relies on this one cost-cutting finger to produce its exceptional results and seems to be neglecting the marketing side of its operation. It is also a limiting factor on the extent and quality of news coverage in the Thomson newspapers.

Expenses: editorial

Since the bulk of this report is concerned with the editorial function of the newspaper, we shall not dwell long on it here. The computerized newsroom emerged during the 1970s, shifting a great deal of "the back shop" into the front and leaving behind greatly reduced personnel and a heap of electronics. The process is described in Chapter 11. The word processors, or VDTs, linked to the computers and photo-composition units in the back shop, made the newsroom a duller place but are also a highly efficient working machine for writing, rewriting, and editing. Editorial costs as a percentage of the total increased modestly, from 16.1 to 17.4 per cent, between 1974 and 1980, partly because bigger papers meant more editorial space to be filled.

As a general rule, about two-thirds of editorial costs are internal to the newspapers. The remainder goes to news services, syndicates, and purchased supplements. There is much variation, however, between types and sizes of paper. The smaller ones — except for Thomson dailies — tend to spend proportionally more on internal costs and less on news services.

Expenses: labor

Taking all the newspaper departments together, the proportion of their expenses accounted for by salaries and benefits dropped in each of the seven years of the Commission's research study. This movement toward greater capital intensiveness, or greater labor productivity, can be seen in the breakdown at the bottom of Table 1, which shows labor costs dropping from 48.2 per cent of the total in 1974 to 44 per cent in 1980.

The total number of people employed by the newspapers in our study was 20,875 in 1980; but one must add to this figure the close to 600 in news services, and others in the few newspapers for which we did not obtain data, to arrive at the overall figure of about 22,000 employees in the daily newspaper industry as a whole. The distribution of employees by department is shown in Table 6. The last column con-

Table 6

Employees by department in Canadian daily newspapers

	Employees in 1980	% 1974	% 1980	Annual compound change %
Editorial	4,250	20.3	22.3	+2.6
Production	5,950	35.7	30.6	-2.2
Marketing, sales, circulation and distribution	5,650	31.2	33.8	+1.8
Administration	1,875	9.7	9.8	+1.0
Other	600	3.1	3.5	+2.6
Not classified	750			
Sub-total Full-time equivalent of part-time	19,075	100.0	100.0	+1.0
employees	1,800			
Total	20,875			

tains only those newspapers — about two-thirds of the total — which were able to report for the full seven years of the study.

The new technology brought gains in labor productivity, but not uniformly through departments or through the industry. In the production area, the average number of pages printed per production employee rose from 203 in 1974 to 326 in 1980. The number of advertising pages sold per employee in the marketing area went up in the same period from 158 to 174, but the gain was confined to smaller dailies. By the end of the period, the largest newspapers were showing much higher manpower requirements per page of advertising sold. The number of pages published per editorial employee rose throughout the industry from 176 to 201. But the smaller papers made the big gains. The largest papers showed a one-third drop. Matching total daily circulation to total employees in circulation and distribution departments, the average daily circulation per employee fell from 850 copies a week to 790.

As we noted in discussing production expenses, economies have tended to get eaten up to produce the fattening press, with its annual increase in numbers of pages ranging (for most categories) from three to six per cent. As we see from the last table, deployment of the labor force shifted noticeably with the introduction of new production methods. Editorial employment was up from 20.3 to 22.3 per cent of the total; production employment was down from 35.7 to 30.6 per cent.

The Commission's research project into industrial relations looked deeply into work patterns and labor conditions in six major cities that have undergone significant changes in newspaper patterns during the past decade: Vancouver, Winnipeg, Toronto, Ottawa, Montréal, and Québec City. 19 The results of the technological revolution, combined with newspaper closings, were that hundreds of unionized employees were thrown out of work and most others had to learn new ways of doing

their jobs. Craft unions found themselves with no jurisdiction left to protect; several went out of existence altogether.

Trade union presence and activity within newspaper plants across the country differ widely. Vancouver is regarded as the most tightly organized and toughest, with management accused of "union-busting", unions accused of "featherbedding", and two long strikes to show for it during the decade. Montréal, considered a mature and fragile newspaper-labor market in the wake of the *Star* and *Montréal-Matin* closings, is characterized by high wages, particularly for production workers, and the shortest working hours in the country.

In Toronto, the long and eventually unsuccessful strike by members of the International Typographical Union (ITU) in the 1960s brought a sharp decline in trade union influence throughout the newspaper industry in that area. Both Ottawa (on the craft side) and Québec City (on the journalistic side) were scenes of bitter labor struggles during the 1970s. By comparison, the newspaper labor scene in Winnipeg was tranquil.

The Commission's researchers were asked to examine the sequence of events in all six cities to determine whether, or to what extent, newspaper closings could be attributed to a failure in labor relations. Like others who have studied the problem in this country and abroad, they concluded that while labor strife may have been the precipitating cause in some cases, such as the Montréal *Star* and *Montréal-Matin*, or a contributing factor in others, such as the Ottawa *Journal* and the Toronto *Telegram*, the underlying cause in all instances appeared to have been market conditions affecting circulation and advertising revenue.

The surviving publishers found themselves in a much stronger position at the end of the decade than at the beginning. The position of their employees was less enviable. Our economic study shows that the increase in average wages, from \$9,300 in 1974 to \$16,000 in 1980, failed to keep pace with inflation; that is, newspaper workers on average suffered a slight loss in earning power. Our labor study shows that the unions were only partially successful in cushioning the effects of technological change. Craft unions were able to negotiate job guarantees for their members in a number of cases, but they could only slow down, not stop, the tide. The director of our labor research concluded, "In a sense it can be said that the fight is over. . .and the unions have lost it."

Stripped of all the upset that lay behind them, the total figures for labor expenses — salaries, wages, and benefits, expressed in millions of dollars — during the period of our study were those in Table 7.

Table 7

Daily newspapers, labor expenses,

Millions of dollars — 1974-1980

1974	1975	1976	1977	1978	1979	1980
234	275	321	366	386	405	466

Expenses: capital spending

While labor expenses increased by 12.2 per cent (in current dollars) at a compound annual rate, and expenditure on goods and services went up by 15.5 per cent a year, the greatest rise in factor costs was in plant and equipment. Capital spending rose 16.5 per cent a year from 1974 to 1980. In the years 1975, 1976, and 1977, both Thomson and Southam were investing heavily in computerized typesetting and photo-composition. A new plant in Hamilton for Southam's Spectator in this period was followed by heavy investment in new plants in Edmonton and Calgary. The Toronto Sun's rapid growth in Toronto and expansion to Edmonton also contributed to the generally high capital spending level.

In millions of dollars, the figures on capital spending for the whole industry are shown in Table 8.

Table 8

Daily newspapers, capital spending, Millions of dollars — 1974-1980

1974	1975	1976	1977	1978	1979	1980
22	34	30	29	33	47	55

Special cases: the "tabs"

Each newspaper, as we pointed out earlier, is a special case. But over the past decade several large Canadian cities have seen the phenomenal growth of papers that belong to a whole group that is a special case, the tabloids. Using less newsprint per page, and less of just about everything else than the broadsheet newspapers with which they compete, the tabs have a revenue and cost structure different in several important ways from the broadsheets. They can be economic at a lower readership level. They make life difficult for established omnibus newspapers.

A comparison provided by our economic researchers showed, for example, that in 1980 broadsheet papers (excluding those which failed that year) received 18.7 per cent of their revenue from sales to readers, 79.7 per cent from advertising, and 1.6 per cent from other sources, such as contract printing. The four largest tabs, on the other hand, obtained far more from circulation — 31.8 per cent — and only 66.2 per cent from advertising, with a further 2.0 per cent from other sources. The higher proportion of revenue from circulation offset the lower proportional revenue they received from national advertising, as distinct from retail and classified, where the tabs' proportions were close to the broadsheets'.

On the cost side, the tabs do not lose in total number of pages the advantage they get as newsprint consumers through a smaller page size. Yet newsprint is still a considerably higher proportion of their total expenses than it is for broadsheets — 34.4 per cent compared to 22 per cent in 1980. Typography and printing is also higher, at 26 per cent compared to 22.1. In relation to these, we then see other economies. Tabs rely chiefly on street sales, usually having little or no home delivery (though the *Sun* has had to depart from this pattern in Edmonton and Calgary). Cir-

culation and distribution expenses for the four largest tabs in 1980 were only 8.1 per cent of total expenses, compared with 15.9 per cent for the broadsheets. Administration expenses, at 5.1 per cent of the total, were less than half the proportion they constituted for the broadsheets, at 12.9 per cent.

John Hamilton, publisher of the Calgary Albertan at the time it was converted into a tabloid in 1977, said, "Our format of tight editing rules related to young people brought up on television. They're used to brief presentation of news." Pierre Péladeau, whose two daily tabs have half Canada's tabloid circulation and enjoyed the fastest growth of any Canadian newspapers in the 1970s, sees them as a complement to television. Ability to live with TV is particularly important in Québec, where TV audiences are less fragmented than in English-speaking Canada because the fewer French-language outlets command larger audiences. "TV in Québec remains a really good buy," we were told in Montréal by Aimé Lacombe, president of Mediaplex, an advertising consulting firm. 21

The importance of the tabs to the general level of the industry is indicated in Chart 1, where their portion of total circulation is the area indicated under the upper end of the circulation curve. That does not mean that none of that circulation would have existed if the tabs had not taken it up. But they have certainly attracted many readers, especially young people, who were not reading newspapers before they came along.

There are other "special-case" groups of papers. We have indicated some of the differences between the large, medium, and small circulation groups, though it must be remembered that the large and medium ones also included the special performance of the tabs. Another interesting case would be the "national" newspaper, which has its own particular balance of revenues and expenses. But since there are just two examples, and they are two very different papers, the *Globe and Mail* and *Le Devoir*, we could not give details of their operation without disclosing confidential proprietorial information.

Net income and profitability

In moving on to look at the profits of the newspaper industry, let us briefly review our findings on revenues and expenses. The cover price, which brings in circulation revenue, is low to help keep newspaper sales moving upward with population. Chart 1 shows that daily newspaper circulation has indeed moved with population, particularly urban population, most of the time. There was a falling off during the Depression, and again after 1955 when television started consuming more of people's time and the population balance was influenced by the baby-boom generation, too young to read newspapers, let alone buy them. By the mid-1960s, when university professors were worrying about "a generation of illiterates", the newspapers were worrying about a lost generation of newspaper readers. By the 1970s, however, newspaper circulation was again on track with the general growth of population and the industry was sprouting new types of journalism with a particular eye on the now-adult baby-boom generation.

The newspapers, with the bulk of their revenue more and more dependent on advertising, and advertising dependent on the level of consumer spending on goods and services, tried to attune themselves ever more closely to what the market surveys told them. Chart 2 shows the intimate connection between the lines for consumer spending, advertising expenditures in newspapers and, more particularly, advertising

expenditure in newspapers in the three main categories: retail (the most important), classified, and national. Note how total advertising expenditure in newspapers tends to over-react to slight changes in consumer spending, how retail and classified advertising are close to this curve, and how national advertising has fallen off since the early 1970s. Plainly to be seen on the graph are the reasons for lower newspaper income in the second half of the 1970s.

The tremors on the revenue side were reflected by three main types of action on the expense side. First, there was the introduction of cost-cutting technology. Secondly, economies of scale were exploited through newspaper mergers and closings, which could be passed on to the advertiser in comparatively lower rates. Thirdly, and at the extreme, there was the count-the-pencils type of cost control for which the Thomson papers have become legendary. But the first type of saving must be preceded by heavy investment in equipment and plant. As well, some attention to the human element, on the insistence of unions if not otherwise, also means a delayed pay-off of the full benefits. Similarly, acquisitions of newspapers, and settlements with dismissed workers after closings, also require major outlays by the surviving firms, again the cause of some delay in reaping the full benefits. In sum, our research study caught the industry in a period of considerable outlays when the movement of the economy and consumer spending did not favor the revenue side.

One reflection of the outcome is to be seen opposite "income" in Table 1, which shows net operating income, as a proportion of total revenues, dropping each year, from 15.7 per cent in 1974 to 9.0 per cent in 1980. If we were to follow the same movement in uninflated 1971 dollars, it would be from 15.4 per cent to 6.5 per cent.

There is a significant contrast, however, between broadsheets and tabloids. The figures for 1980, excluding broadsheets that failed that year, show net income at 10.7 per cent of gross revenues for broadsheets, against 16.7 per cent for the four leading tabloids.

For the whole industry, we move to a measure of profitability which we can use to compare newspapers to one another, and to make a rough comparison between the newspaper industry and other industries. This yardstick is net income as a percentage return on net assets employed, as shown in Table 9.

The utility of this measure of return lies in the fact that many daily newspapers operate as divisions of chains and larger corporations. Debt and equity are not

Table 9
Return on net assets employed in the daily newspaper industry

	Net operating income (\$ millions)	Net assets employed (\$ millions)	Return on net assets employed
1973-4	90.6	274.8	32.9%
1974-5	112.4	300.0	37.5%
1975-6	110.1	353.1	31.2%
1976-7	119.7	362.4	33.0%
1977-8	118.0	377.3	31.3%
1978-9	104.0	422.5	24.7%
1979-80	104.3	482.3	21.6%

allocated to the individual newspaper divisions, and there is no basis for doing so. For the same reason, there are often no charges to individual newspapers for the cost of capital used, or for income taxes.

Our measure of net operating income leaves out these items. To obtain a picture of net assets employed by newspapers, we have taken the sum of non-cash current and fixed assets used by the individual newspapers, less fractional local liabilities such as subscriptions received in advance and deposits made by distributors and carriers. (In this latter regard, the Commission was disturbed to find that young carrier people were not, in many instances, receiving a fair rate of interest on their deposits; but it appears that at least the two major chains have taken steps to rectify this situation.) Return on net capital employed ignores differences in the capital structure—levels of debt and their offset, cash and short-term investments, share capital, retained earnings, and other surpluses—because these reflect, not the operating characteristics of the business, but the financial policies of the management. This measure of return thus brings a degree of comparability to businesses whose financing and operating methods may be dissimilar.

The sharp drop in return in the last two years reflects both the heavy capital spending to which we referred earlier and severe losses by some newspapers owing to work stoppages or the failing position of the newspaper, or both.

A rough comparison with some other industries, Table 10, indicates that the newspaper industry continued earning relatively good profits despite unpropitious economic times. We stress that the comparison can be deceptive since the physical assets are measured in historical costs.

Newspapers ran neck and neck with private broadcasting in both years. Only in 1978 did any other industry come close: beverages. Given the economic circumstances of the times and the internal adjustments that we have described, the daily newspaper industry continued to be in general highly profitable. While the major

Table 10Return on net assets employed in selected industries

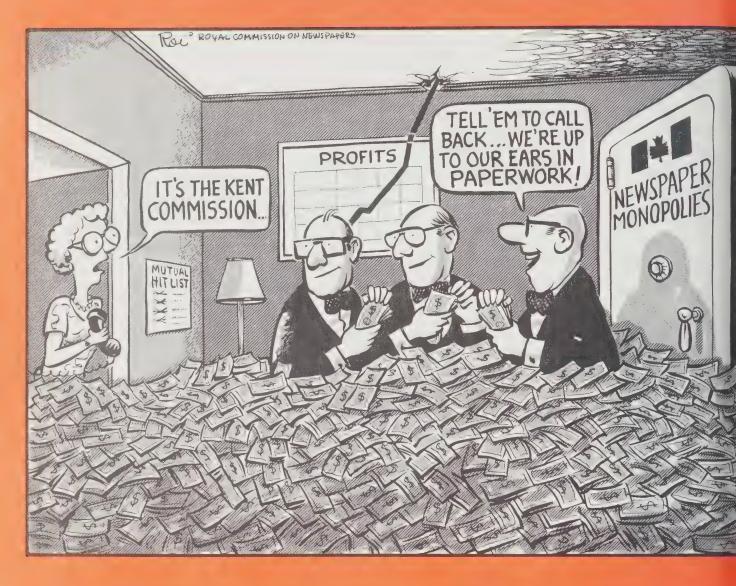
	1975 %	1978 %
Newspapers	37	25
Non-CBC Broadcasting	35	26
Other Industries—		
Food	7	10
Beverage	15	25
Textile mills	9	7
Wood industries	2	20
Metal fabricating	14	9
Electrical products	22	9
Wholesale trade	6	5
Retail trade	25	21

Note: Industry returns, apart from newspapers and broadcasting are calculated as averages of data from highest and lowest categories of returns reported in Statistics Canada listings. Broadcasting returns are medians for radio and television outlets in major cities.

newspaper owners were telling us at our public hearings that their chief concern was "survival", our financial research was telling us that they were surviving quite nicely. For its owners, the Canadian newspaper industry is, so to speak, the Queen Elizabeth of life rafts.

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Roy Carless, Hamilton

5 Running the business

AILY newspapers are a mature industry in the economic sense: there is little opportunity for further market penetration by the product as it is. Most people who are likely to buy a daily newspaper are already doing so, and there are no signs that the number of people buying two or more dailies will greatly increase. The size of the market may be affected by further changes in the size and number of households and other shifts in living styles, but on balance the expectation must be that total circulation will increase by little more than the extent to which the adult population grows, and possibly by less.

Market overview

In these circumstances, and given the country's demographic characteristics, the economics of production and advertising dictate that newspaper markets as such are either monopolistic or oligopolistic. That is to say, in most communities there will be only one newspaper, designed for broad appeal to a local or regional market. In a few centres of heavily concentrated population, the market may be oligopolistic rather than monopolistic, in the sense that it can be economic for two or three papers to aim at different segments of the total market; in that case they compete not in the old head-on style, for the market as a whole, but at the fringes, where the "segments" into which the statisticians classify people are not in fact clear-cut. Competition is also operative from below, so to speak, in that weeklies can serve some of the purposes of dailies over a smaller market area; and the local daily may also be subject to increasing competition from above, in the sense that more people may have a choice in the form of a "national" or "regional" daily. These, however, are only marginal qualifications to the primarily monopolistic position now held by most dailies.

The monopoly or oligopoly is only for the product as such, and newspapers are in the unusual position, as we have seen, that only a fifth or so of their revenue comes directly from selling their product. The bulk comes from carrying advertising. And in selling advertising they are subject to considerable competition. For some kinds of advertising — for those generally summarized as "classified" and for the retail advertising of the large food and general stores — newspapers have at present strong

advantages. In many other sectors, particularly some of those categorized as "national", they have strong competition, especially from television.

So far the advantages have been enough to make the "monopoly" newspaper, generally speaking, a highly profitable business. While in the most recent few years, rates of return for Canadian daily newspapers as a whole have not been quite as magnificent as they were, they remain well above returns on capital in most industries. This has been reflected in the newspapers' investment decisions: they have felt confident enough, and have been able, to put a great deal of money into modern buildings and plant, moving to more capital-intensive technologies and reducing the proportion of labor in total costs. The results of recent years give no indication of long-term decline; their lesser magnificence can be largely explained by the combination of less buoyant economic conditions, affecting most industries, with the instability of a few large papers which had remained in competitive situations longer than most. Those situations were "resolved" in part with the closing of such papers as the Montréal *Star*, Ottawa *Journal*, and Winnipeg *Tribune*. At this point, therefore, it remains true to say that market maturity for the Canadian newspaper industry is more than comfortable; it is an affluent maturity.

Amateur economists, and indeed some professionals, are perhaps over-inclined to press on to industries the analogy with the life-cycle of animals. It tends to be assumed that maturity is followed by decline and death. In truth, of course, industries can remain mature for generations and, while never again producing the exceptional profits for leaders generated in their best years, nevertheless remain satisfactorily profitable. To do so, however, they have to adapt to changing environments. It is quite likely that the need for a major further adaptation lies ahead of the daily newspapers over the next decade or so.

In later chapters we discuss the significance of the emerging screenprint media. We see no evidence that they will, within the future as yet foreseeable, present major competition to the newspaper in its specific function of providing news, analysis, and comment. But some form of screenprint may well evolve as a highly convenient medium for the kinds of advertising in which print has been relatively invulnerable to broadcasting. Likely examples are some kinds of classified and display advertising, such as real estate, and the great staples of the grocery and department store ads.

If this proves to be the case, the newspapers of Wednesdays, Fridays, and Saturdays will cease to be so much bulkier than those of other days. The daily average newspaper will be slimmer. It will have to adapt itself to be more attractive to other advertisers, to get higher rates from them, and even so will probably have to convince its readers that its editorial content is worth more to them. The trend towards a decreasing ratio of circulation to advertising revenue will probably have to be reversed.

An analogy with the recent change in the automobile industry, from the gasguzzling monster to the compact model, may not be misplaced. It suggests that those who are slow to make the change may be rudely shocked from their affluent maturity. There could be, during an adjustment period, a sharp change in the conditions in which newspapers run their business. We do not, at this point, make any firm prediction. Screenprint technology is too much in its infancy. But the possibility is real enough to demand forethought.

Strategic objectives

In any event, however, what may be changed is the environment for, not the nature of, the basic decision about objectives on which depends the way that a newspaper is run.

Like any business, it must make a profit to survive. Like any business, it is subject to constraints on how it makes its profits. For many industries, those constraints have become, in a more urbanized, affluent and educated society, tighter than they were in the days of a freer-wheeling capitalism: pollution control, health and safety regulations are conspicuous examples. Newspapers, however, are a business unlike others. Once a daily has achieved a local monopoly, as most now have, the nature and quality of its specific product — its news content — ceases to be a close determinant of its revenue. It has to become very much worse before large numbers of people stop buying a newspaper at all; and there are few additional readers to be attracted by improving the news product.

From a narrow business viewpoint, what is spent on the editorial content becomes simply a cost. The viewpoint was expressed most bluntly at our hearings by the publisher of the Winnipeg Free Press when he referred to the editorial department of his paper as "a non-revenue-producing department". Obviously, there is in fact a minimum that must be spent on material that, in part at least, is reasonably what readers expect as news, and that advertisers expect to help to attract attention to their ads. The space between the revenue-producing advertisements must be filled. But beyond a minimum, determined largely by habit and expectation in the local market, editorial expenditure is, from the strict business viewpoint, simply a cost: a deduction from profit.

The dilemma of the monopoly newspaper is that this deduction from profit is what determines the quality of the newspaper's service to its readers, the fulfilment of its public trust. The newspaper proprietor must make a trade-off between his service responsibility, expressed in editorial costs, and the profitability of the business.

The terms of reference of this Commission reflect the general belief that responsibility to the public should weigh heavily with every newspaper. At the same time, it does need a profit, which is best expressed as a return on investment (ROI). In our hearings, it was clear that all proprietors recognized a public responsibility but they differed widely as to how and at what level the trade-off between public service and ROI should be drawn. Among Canadian papers (and in the tradition of many great papers in other countries), Le Devoir is most clearly at the public service end of the scale. Some of the other independents and Southam are in middle positions. Thomson and some others are closest to the ROI end.



On March 31, 1981, there were 117 daily newspaper titles in Canada, owned by 38 proprietors: 28 dailies were independently owned; 88 belonged to chains of various sizes; and one (the Toronto *Star*) was by itself as a daily but part of a public company with extensive other interests. This ownership pattern is summarized in the accompanying table, with circulation figures for the previous September.² In the following sections we will examine some of them in terms of what is known about the

way they run their business, and particularly how they make their trade-offs between public service and ROI.

Ownership of daily newspapers as at September, 1980

Owner	Number of titles owned	Location	Aggregate weekly circulation (in thousands)	
Thomson	40	Various	6,865	
Southam	14	Various	8,693	
Sterling	11	Mostly B.C.	292	
Gesca (Desmarais)	4	Québec	1,711	
Bowes	3	Alberta		
		Ontario	93	
Irving	5	New Brunswick	793	
Toronto Sun	3	Alberta		
		Ontario	2,197	
UniMédia (Francœur)	2	Québec	871	
Northumberland (Johnston)	2	Ontario	41	
Quebecor (Péladeau)	2	Québec	2,762	
Armadale (Sifton)	2	Saskatchewan	715	
Torstar	1	Ontario	3,522	
Independent	28	Various	3,890	
Total	117		32,445	

Some of the owners are public companies and information about them is available, in most cases, from their annual reports and public statements. The analysis is less easy for those that are a part of a multi-industry conglomerate which consolidates its financial reports. Many of the owners, or their representatives, appeared before the Commission and spoke about their objectives in running their newspapers, and this background permits inferences as to their respective positions on the hypothetical service-ROI spectrum.

The Thomson group

Thomson Newspapers Limited and its subsidiary companies reported owning, at December 31, 1980, 128 newspapers: 52 in Canada, 40 dailies and 12 weeklies; 76 in the United States, 71 dailies and five weeklies. Kenneth Thomson confirmed at a public hearing that growth is a continuing objective, and growth has certainly occurred. Since December, 1973, the Thomson holdings have increased from 100 newspapers: 48 in Canada, 34 dailies and 14 weeklies; and 52 in the United States, 46 dailies and six weeklies.

The company is part of a much larger group of corporations, controlled by the Thomson family, that form a multi-national mixed conglomerate engaged in many other kinds of business, including wholesaling and retailing, real estate, oil and gas, insurance, travel and tourism, financial and management services, high technology

communications, trucking, and so on, most of which have no direct relationship with newspaper publishing.

In addition to Thomson Newspapers Limited, three major public companies form part of the Thomson organization — Hudson's Bay Company, International Thomson Organisation Limited, Scottish & York Holdings Limited. Public data show that in 1980 these companies had combined gross revenues from all operations in excess of \$6.6 billion, gross assets in excess of \$5.2 billion and net income of \$195 million. Gross revenues of Thomson Newspapers Limited increased from \$157.2 million in 1973 to \$522.2 million in 1980; net assets employed from \$73.6 million to \$296.5 million; and net income, after interest and income taxes, from \$26.0 million to \$68.2 million. In 1980, Thomson Newspapers, while contributing only 7.9 per cent of the gross revenues of these companies, earned 35.9 per cent of the combined net income. Thomson Newspapers' return on net assets employed, before interest and income taxes, grew steadily from 70.4 per cent in 1973 to 76.8 per cent in 1979; in 1980, it dropped to 53.2 per cent due to acquisitions, principally FP Publications. History indicates that the forward march will be resumed.

The annual reports of Thomson Newspapers from 1973 to 1980 follow a rigid format. From time to time some light is shed on the policies of the company. The 1975 report contained the following statement of the company's operating policies:

The results of your Company's operations for 1975 support our policy of confining our acquisitions to newspapers in small to medium-sized cities which are not as severely affected by downturns in the economy...Your Company's philosophy of local autonomy in editorial matters is intended to ensure that its newspapers reflect the needs and character of the communities they serve. This philosophy ensures the acceptance of our newspapers in their respective communities and this in turn ensures their continued growth and profitability...The continuing growth of your Company, both in terms of additional newspaper acquisitions and improved operations within existing markets, remains a fundamental objective.

Kenneth Thomson personalized these words in his testimony to the Commission:

I believe in growing. I believe in growing in the newspaper business....I like to invest. I like my family's investments to grow....Newspapers I like very, very much.³

In the 1979 annual report, the acquisition of FP Publications was rather hesitantly reconciled with the objectives of growth, profitability, and community acceptance.

Your Company is not yet able to fully assess the outlook for FP Publications for 1980. However, we are confident that on a long-term basis this acquisition will have a very positive impact on your Company's earnings.

Mention was made in the 1977 report of dividend policy: increase the rate to match the increase in income. Of the \$140 million in dividends paid by Thomson Newspapers between 1973 and 1980, \$100 million has flowed into other Thomson interests

The importance of the cash flow from the newspapers was recognized by Kenneth Thomson:

... everything that my family has today, and in terms of opportunities for the future, goes back to our newspaper organization.⁴

Reliance on the newspapers to exploit opportunities in other fields was underlined when Thomson hypothecated shares of Thomson Newspapers Limited in 1978 to obtain a loan from the Royal Bank of Canada to support exploration for oil in the North Sea.

The size of the Thomson group dwarfs its Canadian owned papers. Reliance is placed on reports and data filed by the individual papers and filtered through head office staff. Kenneth Thomson told us:

...I don't get around to see them very much personally, the individual papers, so I'm not as close to them in a sense, as I would like to be....But I can get the feel of our organization from our head office basically.⁵

What, then, can be said of the Thomson position on the service-ROI spectrum? Thomson told us:

Look, we are running a business organization. They happen to be newspapers.⁶

Southam Inc.

Southam Inc., unlike the Thomson group, has no interests outside the broad field of what it refers to as the communication/information industry.

Southam publishes 14 daily newspapers, the weekly business newspaper Financial Times of Canada, 39 business publications, 24 annuals and directories, and 13 newsletters and looseleaf services. In addition it operates 10 printing plants and 53 trade shows and exhibitions. It has significant interests in other media operations: a near 50 per cent interest in two dailies, the Brandon Sun and the Kitchener-Waterloo Record, and a substantial interest in Selkirk Communications Limited which has extensive radio, television and cable interests in Canada and abroad. In response to an inquiry about its corporate purpose in 1980, the president, Gordon Fisher, said:

One of our missions is to survive. Survive free of any interference that would prevent us from meeting our other responsibilities as we see them. One of our goals is to publish the best newspapers that we can, generally within the normal economic constraints...to the extent that I have a mission, it is to do nothing that would prevent it (Southam) being around 104 years from now, as a responsible member of an industry — and I am talking about the communications/information industry rather than the newspaper industry....7

Later he amplified his reference to an industry broader than just newspapers.

...to stick...to one product line — daily newspaper publishing — was really not appropriate for the long-term, because in the interests of the shareholders, there is always the possibility that somebody with another technology or new and creative ideas will come along and do something that would erode the relative position of daily newspapers in the total marketplace.

With regard to financial goals, Fisher commented:

...the only goal that we have ever stated publicly was the statement made in 1975...which set out a specific goal for return on the share-

holders' investment...to earn 12 per cent return....Well, we have not achieved that....

The annual reports of Southam since 1973 elaborate on these themes. Corporate objectives can be inferred from its 1973 annual report which refers to record levels of revenue and income, to a strong demand for its daily newspapers and the advertising they carry, for its printed products, and for its business publications, trade shows, and services. That report concluded: "The year's results exceeded our most optimistic expectations." Similar sentiments underlining the goals of growth in revenues and income are expressed in subsequent annual reports.

The goal of diversification was enlarged upon in the 1976 annual report, which gave a definition of Southam's business "that has guided and in some ways limited the company's growth". That definition stated that the company's area of business was "communications" — both mass communications and products aimed at small, select segments of the mass market. Activities said to be appropriate included newspaper publishing and printing, as well as investing in broadcasting and other forms of electronic media; emphasis in new communications endeavors was to be on "information" or "knowledge" rather than on "entertainment". The statement concluded with a pledge that Southam would not acquire "control of more than one medium of mass communication within a single community nor. . . of any group of media that might represent a regional concentration".

Did Southam achieve its financial goals? From 1973 to 1980 it recorded a compound annual growth rate of consolidated gross revenues of 7.4 per cent in constant dollars. It recorded significant growth in the circulation of its daily newspapers, which came primarily from its acquisition of the Sault St. Marie *Star* and sole ownership of the Vancouver *Sun* and *Province*. Annual reports tell of investments made to make money or to save money: in 1975, to improve the competitive position of the Winnipeg *Tribune*; in 1976, to research reader-oriented products and to establish common computer systems; and throughout the period, to adopt new technology. The annual reports attest to Southam's diversification activities; in almost every year, it has reported the acquisition of another company, from Coles Book Stores Limited to Videosurgery Limited.

In all but one year from 1973 to 1979, Southam has been able to report increased profit and earnings-per-share and to increase dividends to shareholders. In 1980 reported profits and earnings-per-share dropped but dividends were increased. Since 1977, Southam reported segmented data — that is, revenues, income and net assets employed — for its four operational areas, newspapers, printing, book stores, and communications. The return on net assets employed for the newspaper segment

declined from 32.2 per cent in 1977 to 19.4 per cent in 1980.

The inference from statements in annual reports and testimony to the Commission is that Southam's mission focuses on profitability and diversification within the communications/information industry. But profitability for Southam is not synonymous with a maximum ROI. The company has a number of self-imposed constraints. Its concern for journalism is exemplified in its news service for the daily newspapers and in its scholarships. The Southam approach is not single-minded. It is not solely profit maximization. It is not operating a business organization that just happens to be in newspapers.

Sterling Newspapers

The third largest chain in number of newspapers, but not in circulation, is Sterling Newspapers, created since the time of the Special Senate Committee on Mass Media. Sterling Newspapers became a division of Western Dominion Investments Company Ltd. in 1979. The Sterling chain comprises 11 daily newspapers, nine in interior and northern British Columbia, one in Saskatchewan, and one in Prince Edward Island. The chain also includes seven weekly newspapers, three in the vicinity of Vancouver, one in the lower Fraser Valley, three in the B.C. interior and one in Saskatchewan.

Western Dominion is a private company, one of many controlled by Warspite Securities Limited, the main holding company of the Black Group. According to an information circular issued by Argus Corporation Limited, Conrad M. Black, his brother G. Montegu Black, and members of their families own directly or indirectly 75 per cent of Western Dominion. Other principals are Peter G. White (no relationship to Peter G. White of the London *Free Press*) and F. David Radler. The company's investments are diverse, including interests in mining, oil and gas, food production, wholesaling and retailing, radio and television, and real estate.

The financial statements of the Sterling Newspapers division of Western Dominion and those of Western Dominion itself are not public. However, there are public data on some of the companies that Western Dominion controls — Hollinger Argus Limited, Argus Corporation Limited and Dominion Stores Limited. As at December 31, 1980, Hollinger Argus and Argus had gross assets of over \$900 million; their 1980 revenues, made up primarily of royalties, interest and dividends, exceeded \$90 million and their net income \$35 million. In 1980, Dominion Stores total assets were \$454.1 million, revenues \$2.7 billion and net income \$27.3 million.

Sterling Newspapers is a minor holding in this impressive conglomerate. F. David Radler, the president of Western Dominion, described the genesis of the newspaper chain:

We saw a vacuum out west. There was very little chain ownership. There were available dailies out west and we went out and bought the dailies that were available but I think what's more important is we converted five newspapers that were weeklies into dailies. . . . We would be interested in anything. We'd be interested in buying existing dailies but where — if an existing weekly came up for sale and we could buy that weekly, we would consider weeklies that have daily potential.⁸

It is difficult to infer what weight Western Dominion gives to the objective of service in its management of the Sterling papers.

Radler told us he wrote some editorials for the Sterling papers. When asked if he was a newspaperman, he responded: "I am a businessman."9

Power Corporation of Canada (Desmarais)

The four dailies that form a part of the Power/Desmarais group are owned, through a series of companies, by Gesca Ltée. Gesca is owned by Paul Desmarais; its relationship with Power is established through an "income debenture which effectively provides that all the earnings and any realized changes in the incremental value of the equity of Gesca Ltée accrue to the debenture holder", Power Corporation.¹⁰

The names of Power's major subsidiaries and affiliated companies are well known: The Investors Group, The Great West Life Assurance Company, Montreal Trust Company, and Consolidated Bathurst Inc. The financial statements for these four companies, in addition to those of Power, were included in the 1980 annual report. The totals for all five show gross assets \$9.5 billion; gross revenues \$3.9 billion; net income \$426.8 million. Gesca's contribution to Power's earnings in 1980 was \$1.2 million.

In the eight years, 1973 to 1980, Gesca's total earnings from operations were \$7.5 million; during this period it paid \$10.7 million to Power in dividends and \$2.5 million as repayment of loans.

Power regularly repeats in its annual report a statement describing its operational methods. This part of the statement reflects the mission of the corporation. It reads:

While Power Corporation's ultimate responsibility to its shareholders is to produce a fair return on their investment, a primary objective is to select and develop management in each operating unit with the skill and expertise capable of building and maintaining well-managed companies within the free enterprise system.

The Company operates on a decentralized basis, with the executive officer of each subsidiary and affiliated company responsible to its own board of directors for the progressive and profitable management of a company.

Power Corporation monitors the performance of each of the companies, analyses the financial results, and participates through its board representatives, in major management decisions.

This statement is consistent with Desmarais' testimony that a newspaper can combine the business and public service motives. "But without a doubt, a newspaper is a business...." 11

The Irving family

The principal interests of the Irving family are transportation, pulp and paper, mining, and petroleum. Nearly all, including the newspaper companies, are family-owned and hence do not publish annual reports. It is clear that the daily newspapers represent only a very small part of the conglomerate. Three members of the family appeared at our hearings and passionately set forth their objectives. Arthur Irving, who together with his brother James and his father owns the Saint John paper, said:

...we like the Saint John paper and that's the only one I'm involved with. I own 40 per cent and I intend to keep it forever...it is our privilege to own it, and nobody in this God-given room is going to take it away from us.¹²

The third brother, John Irving, who owns the Fredericton and Moncton papers, was asked about his objectives as a newspaper owner. He said:

...my interest centres on them being good newspapers, responsive to the needs of the communities they serve. ...My active involvement in the papers runs to assisting them to become more efficient and up-to-date in the areas of physical plants and facilities. ...I am interested in their profitability but not to the extent that I review or trim the budgets which are prepared by the publishers. ... The only terms of

reference which I have given to my publishers in Fredericton and Moncton are: one, to publish the best possible newspaper; and two, to be as competitive as possible.¹³

How do the Fredericton and Moncton papers attempt to balance these "terms of reference" with the owner's interests? Tom Crowther, publisher of the Fredericton *Daily Gleaner*, explained:

Basically, there has been no criticism of industry as such, pinpointing industry, in the Fredericton *Daily Gleaner*....We don't criticize the International Paper Company as such, editorially. We don't criticize any company....We have not editorially criticized any industry in this province.¹⁴

The brothers confirmed that they would be interested in buying additional newspapers within the province of New Brunswick or elsewhere, but not because they wished to be involved with the operation of the papers. Arthur Irving stated:

But when it comes to newspaper business, we read the papers, we pay for our subscription and we think they are as good as any newspapers in Canada.¹⁵

Why, then? Arthur Irving, recalling the words of his father, K.C. Irving, to the Davey Committee, supplied the answer:

We like to own things too.

The Toronto Sun Publishing Corporation

The Toronto Sun started publishing during the period under study. Only three annual reports have been issued in the years since it became a public company. All reflect exuberant delight:

...a dream in 1971....We now (in 1979) own \$20 million worth of assets in Toronto and \$5 million worth of assets in Edmonton.

The 1980 annual report said that "the little Syndicate that grew keeps on growing" and the "little Syndicate", the "Sun Syndicate", is the vehicle for diversification. In addition to its controlling interest in United Press Canada and Unibiz, a financial news service described as an "executive toy" by Sun president Douglas Creighton, it is also into manufacturing newspaper boxes, supplying carrier bags and buggies, distributing games and contest ideas, and merchandising bats, pens, caps, and T-shirts. From 1973 to 1980, consolidated gross revenues grew from \$4.5 million to \$58.2 million, a compound annual growth rate of 30 per cent. Substantial investments have been made in the Toronto paper and a Sun has been established in Edmonton and a Sun acquired in Calgary.

The financing of the Sun was discussed at our hearings. Two board members are from prominent real estate firms. Creighton assured the Commission that the private sources of the company's capital had no influence on editorial policy.

Creighton described the original concept and philosophy of the company:

We wanted to be tabloid; we wanted to be bright; we wanted to be opinionated; we wanted to have lots of pictures....We wanted to inform...we wanted to entertain, and...we wanted to remain financially healthy....16

UniMédia Inc. (Francoeur)

Jacques Francoeur owns two dailies and 13 weeklies in Québec through his substantial control of UniMédia. His other investments include newspaper and periodical distribution, printing operations, and car and truck rentals. He bought *Le Soleil* in 1973 after Desmarais was thwarted in his attempt to do so, and they have been linked for some time through their previous close business associations and chains of community papers. Francoeur, when asked about his objectives in owning newspapers, said:

...it's an essential public service which must provide the best newspaper possible in the local context, while taking account of financial ability. It would be a great deal easier to turn out better newspapers everywhere if we had a better profit margin.¹⁷

Asked if he agreed with the opinion of Desmarais that a newspaper, even though it renders a public service, should be closed if it goes into the red, Francoeur replied:

Well, the laws of the market serve as a clue there. Our paper suppliers, our journalists, our printers want to have their salaries and to see their bills paid every week.

He tempered this comment in respect to the ownership of newspapers by conglomerates:

As long as the loss. . . is reasonable, you can go ahead and support it with your eyes on the future. 18

Quebecor Inc. (Péladeau)

The Québec counterparts of the Toronto Sun group of papers are Le Journal de Montréal and Le Journal de Québec, both owned by Quebecor. In addition, Quebecor owns 28 community and pop weeklies. The 1975 annual report proudly tracked the record of diversification since incorporation in 1965: acquisitions included printing and publishing companies, newspapers, magazines, and a number of other ventures. In 1977, Quebecor established the Philadelphia Journal, which it saw as the forerunner of a number of newspapers throughout the United States.

From statements in Quebecor's annual reports, we infer a mission of growth and profitability: "... our management policies. . are oriented to profitable operations" (1974); 1976 was a year of "growth and achievements"; the 1977 report noted the "importance we attach to expansion", and the 1979 report the "marked increase in profitability" consequent on consolidation of the company's activities.

The principal shareholder, Pierre Péladeau, confirmed plans for expansion when he appeared before the Commission. When asked if he would consider buying radio or television stations he replied, "without doubt, without doubt". When asked if he had thought of going to other locations in the United States he replied: "Oh, definitely, definitely." His expansion plans for newspapers focus on the United States. Asked if he had plans to launch other newspapers in Québec he said:

Not today, but there could be opportunities, there could be opportunities.10

From 1973 to 1980, Quebecor increased its consolidated gross revenues at a compound annual rate of 14 per cent in constant dollars. Quebecor profits and per-

share earnings grew during the period, and it paid its first dividends in 1977. The cash flow resulting from its newspaper operations is a source of its growth as a media conglomerate. Asked about his objectives, Pierre Péladeau said:

The name of the game is profit. If you don't make a profit, you don't have a newspaper. And you can develop a very pretty philosophy, but the fact is that if a business does not succeed, well, there's no business.²⁰

Armadale Company Limited (Sifton)

Michael Sifton has two dailies in Saskatchewan, the Saskatoon *Star-Phoenix* and the Regina *Leader-Post*. These two dailies now form part of a mixed conglomerate enterprise which includes airport operations, real estate and other investments, as well as radio stations in Regina, Winnipeg and Hamilton. There are no public data on the Armadale operations since all are held through private companies.

In his testimony Sifton told us about the dangers of government control of the newspaper industry. He also told us about the "pretty damn fine people" in the major chains. Sifton, a resident of central Canada, said:

...it would be nice to have every newspaper owned by an individual who can be the local proprietor per se. The economics don't prove that way. No how.... 21

Much of Sifton's presentation to us related to estate planning difficulties which he attributed to the capital gains tax provisions of the Income Tax Act. Notwithstanding these difficulties and his expressed views on local ownership, Sifton would like more newspapers. Kenneth Thomson described his telephone conversation with Sifton in the early months of 1980:

He phoned me and he indicated that if we were going to sell off any of our newspapers from the FP group, that he would be interested...He said, "You know, we're not as large as you are, but we would be happy to buy one or two newspapers." He said, "We want to make a buck." I remember the expression and I said, "Well, does that mean, Michael, that you only want to buy a profitable newspaper or two...You wouldn't be interested in the newspapers that are losing money?" and he said, "No."22

Torstar Corporation

Torstar is a conglomerate. The day-to-day operations of the Toronto *Star* newspaper are managed separately from those of Torstar. Other enterprises which Torstar controls include Comac Communications Limited, Metrospan Printing & Publishing Ltd., Harlequin Enterprises Limited, and Neilsen-Ferns International Limited.

In addition it has a 50 per cent partnership interest with Southam in Infomart and a one-third interest with Southam and Thomson in Today Magazine Inc. A one-third block of shares in Western Broadcasting Company Ltd. was sold in June, 1981.

In February, 1981, Metrospan added to its 14 community papers those of Inland Publishing Co. Limited, thereby giving it 27 community papers circulating in and around metropolitan Toronto. This purchase also included Inland's extensive commercial printing facilities in Mississauga, Ontario.

Torstar's consolidated gross revenues have grown dramatically from \$94.8 million in 1973 to \$472.7 million in 1980. Equally dramatic is the decline in the contri-

bution to these figures made by the *Star* and the community papers. In 1973, newspaper revenues accounted for 96.3 per cent of Torstar's consolidated gross revenues; just eight years later they accounted for no more than 37.6 per cent. In constant dollars, the newspaper revenues have risen only marginally. In the same period *Star* circulation has risen, but primarily because of a decision to publish on Sundays and strong growth in Saturday circulation. While the operating profits of Torstar have climbed steadily over the period and in 1980 were \$58.9 million, the contribution of its daily and weekly newspapers to these profits has remained about the same in current dollars — \$13.9 million in 1973, and \$12.4 million in 1980.

In his testimony, Beland H. Honderich, chairman of Torstar, referred to responsibility:

I think the newspaper's prime responsibility is to inform the public, whether it's a local community or a national community....If the people in the local community don't feel the newspaper is serving their needs, they won't support the paper...the marketplace will determine whether or not the newspaper is serving the local needs. And if it's not, obviously, it won't support it.²³

He also spoke of the effect of group ownership and said that it:

... place(s) in the hands of relatively few people the power to control what their newspapers publish. Even if this control is not exercised directly, it is exercised indirectly through budget controls and the selection of publishers and editors. For the same reason that independent newspaper publishers tend to hire people that reflect their opinions, the owners of group newspapers select people whose opinions do not vary too greatly from their own.²⁴

At a later session, when asked how he would regard the role of Torstar and its subsidiary companies, he described that role as "communications and information", adding that newspapers and magazines also provide entertainment, while Harlequin "romantic fiction novels" provide information as well.

It is apparent that the pressures for growth and profitability have dictated Torstar's recent acquisition policy. "The shareholders of Torstar are making an investment and they will expect a return on their investment...," said Honderich.²⁵

The Beacon Herald of Stratford Limited

The Dingman brothers publish a daily newspaper in Southwestern Ontario, the Stratford *Beacon Herald*, which has been in the family since 1886.

In testimony to the Commission, Charles Dingman, the co-publisher, stated that he was not contemplating acquiring other newspapers or media operations. "We find that...we've got our hands full in Stratford."²⁶

Asked how he viewed newspaper operations, he responded:

...it's a business, all right. It has to turn a profit, but it's not a business like any other. You're publishing a newspaper; I think there's the trust there you have to publish the news. Your news department, shall we say, in the strict sense of the word, doesn't earn you any money; it's all outgo, but if you're going to be a newspaper, you have to have it, you have to support it adequately in order to fulfill your responsibility.

This acknowledgement of social responsibility is not subordinate to the ROI objective, although its cost is clearly recognized.

Le Droit Ltée

Le Droit Ltée of Ottawa, although a private company controlled by a religious order, gives some publicity to its annual report. Le Droit in 1974 described its mission thus:

...the newspaper *Le Droit* has a distinct and unique mission: it is a Christian paper, independent in politics, and intended to serve Franco-Ontarians and francophones in the west of Québec.

The company has not ignored profitability and growth, but it has not made them a top priority. Up to 1974, the company had declared a dividend only once.

Some shift in emphasis is seen in the 1979 annual report. The opening paragraph of the president's message reported that:

...all sections of the business have maintained and in some cases speeded up their tempo of efficiency and growth. Despite an increasingly difficult economic environment and constantly mounting costs, the newspaper has been able to assure its readers and advertisers of a high quality product, and to increase its sales of advertising and subscriptions, and to finish the year with a slight profit.

The same annual report announced an acquisition leading to greater diversification — Select Educational Distributors in Oakville, Ontario. It gives the company "an open door on the English-Canadian market and eventually the American market". When combined with *Le Droit's* other business activities in printing, publishing and radio broadcasting, a media conglomerate with a distinct emphasis on the service objective emerges.

Le Devoir

The statement of Michel Roy, editor-in-chief of *Le Devoir*, gave a strong image of a newspaper policy carefully designed to appeal to a particular audience:

Le Devoir is not an easy newspaper to read, at least not by the usual standards in media circles; they say it's at times austere, in spite of systematic efforts to make it easier to read and to give it a less sombre appearance. But we have chosen to inform, to comment, to analyze, in the political, social, cultural, and economic sectors.²⁷

He also expressed the view that:

If newspaper businesses were obliged to publish their financial statements every year, this would allow the public...to know the state of the company's resources, and it would make these businesses more open, it would allow the public to see the difficulties a little before they appear and before a company closes; in the end it would perhaps allow some businesses to be saved, and...to establish closer ties between the business and its reading public and the community where this newspaper is published.²⁸

While Le Devoir recognizes that it is necessary for a newspaper to make money, Roy stated:

...that they (newspaper businesses) earn profits, that is normal in our capitalist society, it is the condition of survival, they say. Now the question is to know what percentage of profit goes to the head office of the business. ..in the form of dividends, and what percentage is reinvested in the business, especially in the editorial section for hiring journalists.

Le Devoir is clearly situated at the public service end of the spectrum.

Evaluation

This review of the approach of proprietors to the running of their newspapers makes very clear a general relationship between the type of ownership and the emphasis, as between public service and ROI, of the owner's objectives.

Nearest to the business (ROI) end are the mixed conglomerates, the companies with extensive interests in other businesses besides newspapers. They are Thomson, Western Dominion, Desmarais, Irving, and Sifton. They fit their newspapers into their general business objectives. For some, their daily newspapers appear to be regarded as cash generators for investment in further expansion of the mixed conglomerate. Where profitability of the newspapers is relatively low, it is still reasonable in most cases and there is indication that some companies regard the newspapers as serving the needs of the larger organization by helping to limit criticism of it.

More to the centre of the spectrum between service and profit are the owners whose interests, while going outside newspapers, are mostly in the general area of communications. They include public companies like Southam, Toronto Sun, Quebecor, UniMédia, and Torstar.

Nearest to the service end of the spectrum are some private companies. Le Devoir and Le Droit stand out but some owners of English-language papers, such as Walter J. Blackburn of the London Free Press and the Dingmans, evidently share some of the same motivation, although their way of expressing themselves is not as direct.

In a qualitative analysis, the distribution of newspaper owners in the spectrum of objectives is illustrated.

Service						ROI
	Independents		Media Companies	•	Mixed Conglomerates	
	Le Devoir	•	Southam	•	Thomson Western Dominion	
	Le Droit	•	Toronto Sun	•		
	Dingmans		Quebecor		Desmarais	
		•	Torstar	•	Irving	
		•	Blackburn	٠	Sifton	
			UniMédia			

The dotted lines separating the groups reflect the imprecise nature of such qualitative assessments. Almost all the industry spokesmen who appeared before us expressed concern for both objectives; but there are clear differences in how they weigh the two against each other. The diagram indicates our judgment of the relative weight given the ROI and service objectives by different types of newspaper owner.

The differences in objectives, as between owners, do not seem to make much difference to management relations with production labor, which were discussed briefly in the previous chapter and will be the subject of one of the research studies to be published after this Report.

The relations of management with editorial staff are more varied. If it were necessary to make a generalization about Canadian newspapers, it would have to be that there is a great gulf between management and journalists. A shrugging of shoulders about what has appeared where, and what has not appeared, and why, is the

most common attitude of reporters to the overall result of their efforts. In consequence, journalists have far less sense of intrinsic rewards from their work than most start out expecting. Cynicism early sets in, though many go on wanting to improve themselves and their work. But how? There is little encouragement.

Fortunately, this general judgment is subject to qualifications. Journalists in Québec have asserted themselves more than those of the English-language press and, while that has some negative aspects, on balance it seems true to say that journalism in Québec is more enlightening to the reader and more satisfying to its practitioners. Within the English-language press, journalistic morale tends to be at its lowest in the papers at the right end of our spectrum and to improve somewhat in the papers whose proprietors rate their public responsibility higher.

In a mixed conglomerate, such as Thomson, the *only* obvious measure of success is a quantitative measure, that is, ROI. Newspaper ownership is particularly attractive to such organizations because of the large cash flow, in relation to investment, that can be generated. Often the newspaper is, for the conglomerate, a "cash cow".²⁹ Its revenues can be milked not only to buy other newspapers but also, as by Thomson, to finance expansion into other ventures. The journalists' sense of estrangement

has a solid base in corporate objectives and strategy.

However, the newspaper owner who takes his public service objective seriously is at a financial disadvantage. The service-oriented paper necessarily has a lower financial return, and hence a lower financial value, than it would if ROI were the only objective. A buyer with a business objective can therefore pay what is, for him, a relatively low price for the cash flow that can be realized after he has reduced costs to the minimum consistent with the continuing existence of the newspaper. But that relatively low price from such a buyer's viewpoint, based on *potential* earning power, is for the present owner a price that cannot reasonably be refused, when he looks at it in relation to his own profitability while serving the public responsibility objective.

This is why Southam, as a public company, is vulnerable to takeover. It is also, however, why in the past some independent proprietors have felt that, if family ownership could not be perpetuated, they would wish to sell only to Southam. The Windsor Star, for example, chose to allow only Southam to bid, because it was believed to take the public service objective seriously. The same attitude was expressed by Blackburn with regard to any hypothetical future sale of the London Free Press.

Nothing of the kind has ever been said of Thomson or Western Dominion, with their heavy emphasis on ROI. It has been said of Thomson that "... one has the feeling that they would be just as happy to own 40 massive bank vaults or 40 widget

factories."30

We must conclude that the push to concentration in the newspaper industry has been so strong precisely because it is a business not like other businesses. In most industries, the best managed firm, offering products of better value for money, will generally be the most successful, and will invest accordingly. This is partly true of the newspaper business, insofar as it is a business; but for newspapers it is also true that great financial advantage can result simply from cutting editorial costs and reducing the quality of service. When ROI is the overriding objective, the editorial content of a paper becomes little but the carriage for the advertising. The quality of the content is reduced to the minimum that will support the carriage of the advertising.

Such a policy produces a cash flow so large that any more service-oriented, and therefore less profitable, newspaper is vulnerable to almost irresistible offers to purchase. In the absence of protective government action — protection, in the public interest, of the freedom of the press from financial subversion — there are no predictable limits to even greater concentration of ownership.

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Roy Peterson, Vancouver

The newsroom

T HAS often been said that journalism is not a business like others. What, then, sets it apart? To answer the question, we must go to the heart of the action in the newspaper itself, the newsroom.

While the newspaper's ideal is to report the truth, it cannot, obviously, provide an account of everything that happens. It is forced to choose from the multitude of facts and events, statements, announcements, and opinions that daily enliven the community. That choice is determined first of all by the nature of the medium. The newspaper brings the event to the reader via the printed page; so, apart from news selection, there must be time for writing, page makeup, printing, and distribution. These different stages, and especially the last two, prevent the newspaper from competing with the electronic media in terms of immediacy; on the other hand, it can treat the news in more detail and in greater depth.

Other constraints and limitations stem from the format of the newspaper, from the market it seeks to serve, from its style and traditions, and finally from its system of management, which is closely tied to the ownership of the business. In sum, journalism is a severely limited world:

The environment in which journalists must function, and develop and exercise their own rough versions of moral philosophy, is the corporate world of centralization, rationalization, and minutely calculated expenditures. In this world, journalists are only marginally professional, yet they are also aware that in that margin exists not only their salvation but their reason for existence.¹

The editorial department

The clicking of typewriters, the noise of paper being crumpled or torn up, the incessant ringing of the telephones; the constant traffic around the news desk, which hums like a beehive; an atmosphere that becomes increasingly hectic as deadline approaches; news that spreads like wildfire — an attempt on the life of the president of the United States, the death of a world figure, an air tragedy, or the launching of an election: only someone who has experienced daily life in a newsroom can understand the fervor it can inspire, and why men, and more and more women, spend the

best part of their lives there. The newsroom is the heart of the newspaper; without it, advertising would be without a vehicle, and the presses would have no reason to roll. But, as we will see, businesslike organizational structure tends to make the editorial department not only like other departments, but secondary to others.

There is no standard organizational model for our daily newspapers. Titles vary with functions, and this diversity is even more pronounced in the French-language papers. Usually, however, the head of the editorial department is called the editor-inchief, and he reports directly to the head of the newspaper — the publisher in English-language papers, and a PDG (président directeur général), an éditeur, or a directeur in the French-language press.

The editor-in-chief is responsible for all the editorial content of the paper. Often, he prefers to concentrate on the editorial page. A career journalist of great experience, he is steeped in the traditions of his newspaper and thus knows the direction it should take on a day-to-day basis. Whether he writes editorials or not, he keeps a vigilant eye on the newsroom. He is often the newspaper's public spokesman and usually maintains close relations with politicians and opinion leaders. If he has the personality for it, he can influence the paper much more profoundly than the owner or publisher.

The Globe and Mail, for example, would doubtless not be what it is today if its editor-in-chief, Richard J. Doyle, had not been on hand to assure continuity for nearly three decades (two as editor), under four owners and six different publishers. But, as explained in an article that appeared in April, 1981, in Saturday Night, Doyle has always thought that "journalists should avoid commitment to everything except their craft and their newspaper". It was he who, fresh in office, established the political independence of the Globe at the beginning of the 1960s. He has steadfastly maintained it since, not only in political matters, by adhering to an ideal of press freedom that often tends to get lost in the management of newspapers.

Doyle plays a role that is crucial to the life of the Establishment, yet he remains an outsider.³

To a great extent, the editor-in-chief of the *Globe* belongs to a breed which unfortunately is on its way to extinction.

Under the editor-in-chief are to be found one or two assistants who may carry the title of executive editor, editorial page editor, or other. On English-language papers, there is a managing editor, who is directly in charge of the newsroom. It is he who hires and fires, and who in addition negotiates editorial space with the advertising department. There is also a news editor, who is in charge of the news desk. He reads everything and determines a story's importance and hence its prominence in the paper. If he is not pleased with a story, he puts it aside or asks for a rewrite. He personally sees to the layout of page one. He supervises the rest of the layout, which is done around the desk by sub-editors or in the various sections by department heads — local, national, international, entertainment, business, sports, and so on.

It is here at the desk, at the layout and headline stage, that a good part of the style of the newspaper is determined. Le Devoir does not write headlines like those of the Journal de Montréal, nor the Globe and Mail like the Toronto Sun. In the first of each pair, the headline will be less sensational, more restrained, and more in tune with the significance of the news. Similarly, the prominence accorded various news stories will be rather different from one paper to the other. Some dailies with a

national outlook such as the *Globe*, or *Le Devoir*, will be ready to give a banner headline to national or international politics, while local dailies will emphasize news that is most important to their municipality, and the pop tabloids will blow up the most spectacular news item. It all depends on the desired market.

The format of the newspaper can also have an effect on the style of news stories, if not their content. The tabloid calls for more concise news treatment (or more superficial, as the case may be). There is hardly any detailed analysis, and major features are even scarcer. But is this really because of format? In North America, with rare exceptions such as the *Christian Science Monitor*, the tabloid is usually associated with news that is light, fast-paced, and abundantly illustrated. In Europe, however, many respected dailies are this size. *Le Monde*, which is the best example, could not be more different in style from the North American tabloids. Its articles are laden with analysis and commentary, and the news is not illustrated. When Pierre Péladeau said the tabloid was the "format of the future", could he have been thinking of *Le Monde*?

In the setting we have briefly outlined, the reporter is the one who produces the copy. Court reporter or labor columnist, parliamentary correspondent or entertainment critic, city hall reporter or travel writer, he or she provides the vital link between the event and its appearance in print. Every newspaper has its staff content, that is, copy written by regular editorial staff, and other copy provided by press agencies, syndicates, and various correspondents and stringers, as well as syndicated columnists.

In all, the editorial content of a newspaper depends not only on the characteristics and limitations of the paper itself, but also on available space, the decisions and objectives of management, and many other factors. A newspaper can be studied from many different angles: the ratio of advertising to editorial space, of editorial comment and analysis to straight news, of staff writing to articles from agencies and other sources, of local news to national and international news. All these relationships determine the character of the paper.

Over the years, business development has tended to place more importance on the newspaper's most profitable function, its role as an advertising vehicle, to the detriment of its social and intellectual aspects. Thus the editorial department has ultimately come to be seen as a "non-revenue-producing department",⁵ to use the words of the publisher of the Winnipeg *Free Press*, Don Nichol. As a result of his telling the Commission that he had been "very generous" in his budgetary concessions to the editorial side, commissioner Laurent Picard wanted to know more:

Picard: Okay, let me try to be more direct — I know that you don't have a return on investment in a division, on a per-newspaper basis, but if I were to tell you that you will get a better newspaper if you lose two per cent on the return on investment, or return on equity...

Nichol: Yes.

Picard: What would you do?

Nichol: Well, I'd go for the better newspaper.

Picard: At two per cent less?

Nichol: Sure.

Picard: Three per cent? At three per cent less?

Nichol: I'm easy.

Picard: Four per cent less?

Nichol: Well, if it were my newspaper, I would certainly; eight, depending on what the eight is going to do to me, what it's going to do to my bottom line.

In this ambiguous context, it is not surprising that journalists, those "salaried eccentrics", as the first Lord Thomson of Fleet called them, quickly lose the taste for their job. They leave university or schools of journalism full of ideals and collide with a system in which they are merely cogs, held in more or less esteem.

The same thing is said endlessly by reporters in all parts of the country. They come to newspapers, usually nowadays from the journalism schools, with fresh new Bachelor of Journalism degrees, in part attracted by the supposed glamor and excitement of the reporter's life, in part with the notion of improving the world by making (people) more aware of what is going on around them but still ready to chase fire engines while they learn the ropes. And too often they find that, beyond the fire engines, lie only obits, the nightly police checks, Rotary Club luncheons, coroners' juries, the annual convention of the Good Roads Association, and features on the Fall Fair.⁷

The demonstrated profitability of the newspapers, and especially the fear of doing profitability the least harm, can lead to a presentation of news that is increasingly dull and insipid; and this predictable and unchanging news in the end no longer even corresponds to reality:

Well, the very shape of the daily newspaper suggests it is a world, if you will, a microcosmic world, that doesn't correspond to the real world. In other words, there are large business pages. On the business page, there is a great deal of space given to stock market reports. And yet only three per cent of Canadians own any stocks.

There are large travel sections; there are fashion supplements; there are automobile supplements — as one appeared in the Toronto Star last week, pages and pages without anything critical about the automobile. So that the very structure of the product that you get in your hands at your doorstep does not correspond with the society at large.8

Cynicism and disillusionment are current in the newsrooms because of the reluctance of publishers to encourage digging for news that goes beyond the very short term. In this connection, a reporter from a daily in the West noted that too often reporters are given assignments, such as press conferences, which will produce instant copy. No one wants to take a chance on investigative reporting or on long and exacting research. Wondering whether the conflict between profit and investigative journalism was not irreconcilable, the reporter concluded:

If profit precludes newspapers from digging, there is a definite problem with the system of running newspapers.⁹

There are complaints that investigative journalism frightens too many editors, who associate it with the exposure of scandals — the Watergate syndrome — instead of seeing in it a way to provide thorough explanations of an event, or series of events, whose importance often escapes the public in the flood of current events. Many reproach newspaper managements for not using the resources at their disposal effec-

tively. It is said that newspapers must be more selective, and instead of scattering their energies on the superficial, should make concerted efforts to cover the most important subjects in the clearest way possible in order to educate the public.

Declining prestige

Journalists are increasingly concerned about declining public confidence in them and in the written press in general. The scandal that blew up around the Pulitzer Prize, awarded in April, 1981, to the Washington *Post* for a story that turned out to be fictitious, did not help the situation. Nor did the unfounded accusations levelled by the Toronto *Sun* at John Munro in June, 1981. The newspaper had accused the Minister of Indian Affairs and Northern Development of having made gains on the stock market when Petrofina was acquired by Petro-Canada. The paper had to apologize less than a week later, and acknowledge that the story was a fabrication by one of its star reporters. Don Braid, columnist for the Edmonton *Journal*, underlined the low prestige of the profession as follows:

When I left teaching to become a journalist, my principal said, "You will not only suffer a pay cut, but you will also suffer an immense loss of status." And I think that is true. I think our reputation as journalists and as architects of newspapers in the community at large is very low. 10

Why is this so? Some journalists are of the opinion that newspapers underestimate the intelligence of their readers, that management is loath to devote time and money to projects that present the slightest risk of failure; in short, that they aim more at entertainment than education. They complain that salaries are too low to attract, and particularly to keep, competent people. Above all, they decry the practice, rare though it may be, of publishing articles expressly to please an advertiser. A young journalist employed by the Thomson chain spoke of this:

Sometimes the ad people...will say to an advertiser, "We'll get somebody to write a nice story about you, too." You feel like a prostitute....But they (management) just say, "You've got to accept that that's part of it sometimes."

This practice, which occurs most often in local or regional dailies, helps neither the morale of journalists nor the prestige of the press in general.

In addition, the present system limits opportunities for journalists to move ahead in their profession, in that it favors only vertical promotion. The journalist climbs the rungs from simple reporter to sub-editor and so on, up to the highest management posts in the editorial department. There is hardly any lateral promotion, hardly any possibility to specialize as a journalist and at the same time receive a salary comparable to that of managerial staff. Yet the writer who acquires a solid reputation in a given field can be as valuable to his paper as the majority of sub-editors. This flaw in the system results in many defections, particularly by bright reporters who go to look for more lucrative work elsewhere, in the electronic media or in fields related to information, such as public relations or government service. It is not surprising that few people over 40 are found in the newsroom. A journalist put it quite frankly:

The only reporters we have in this place who are not management and are in their 40s are the kinds of reporters you don't expect much of....They are there because they haven't gone some place else. 12

Another shortcoming is that newsroom management receives almost no training. Consequently, they are in general poor managers, despite a widespread assumption that an excellent writer, once promoted to management, will naturally be well suited to manage the operation and the staff of the newsroom. Training within the newspaper is an idea that is only beginning to take hold in Canada, as we will see in a subsequent chapter.

One of the effects of maximizing profits is to reduce the share of editorial material produced by staff. In-house writing is a source of expense because it requires reporters to go out in search of news, managers to plan and supervise assignments, and specialists in local affairs: all of which are unnecessary when a paper relies upon news agencies. Even chain-owned newspapers, from medium size to small, have hardly any staff correspondents on the national scene and none on the international scene.

Canadian newspapers give the impression, moreover, that they consider it set in stone that foreign journalists are best placed to report international news. This is less a question of conviction than the result of pragmatic considerations, international news being obtainable more cheaply from news services than from staff correspondents sent abroad at great expense. The editor of the Montréal Gazette described the problem clearly to the Commission:

Now, obviously, it would be better if the *Gazette* maintained a network of its staff correspondents around the world. Clearly, that is impossible. These days it would cost upwards of \$100,000 a year to maintain a single correspondent abroad. And most editors, if they must choose between spending another \$100,000 for one correspondent abroad, or using it to provide three extra reporters to cover City Hall, or the West Island, or Québec City, or Ottawa, will spend it, naturally, on local or regional coverage. 13

But these pragmatic reasons and considerations, which are never questioned, often mean that Canada continues to lack a perspective and point of view of its own in international affairs.

Market trends

The pre-eminence of economic values ultimately leaves its mark on the newsrooms. In large centres, journalists are wondering more and more if it would not be better to give in to market trends, which favor the growth of popular tabloids, and present news that is facile, sensational, and quickly produced, instead of racking their brains to bring out the significance of events for a public that seems not to want it. In the smallest centres, it is more a question of knowing whether the newspaper should compete with television and the large metropolitan dailies, or choose to fall back on its strength, the local news.

In Québec, long and costly strikes and the closing of several dailies in the last decade have made journalists more sensitive to the economic demands of the newspaper industry. The social idealism of the 1960s, for which some still carry a torch in the newsrooms, is increasingly giving way to a concern for professional efficiency. This phenomenon is most noticeable among younger journalists, and particularly in the Quebecor newspapers, as is evident in a survey conducted for the Commission. 14 In this respect, too, Péladeau's tabloids have influenced journalism in Québec more

profoundly than one would have thought. Their commercial success, their dynamism, their daring, give their journalists the impression of being on to a good thing, and of having a firm grip on reality. They are by far the best paid in Québec, and also the most satisfied, as the survey shows. In the other dailies, one senses an absence of enthusiasm, if not moroseness. In the broadsheet newspapers, by contrast, only a minority of journalists state that they can carry out their job properly (compared to 60 per cent at Quebecor). This bitterness creates conflict or leads to alienation and inertia, all of which paralyzes the traditional dailies and puts them in a position of weakness in face of the almost irrepressible rise of Quebecor.

In a rapidly changing world, newspapers in general are behind the times and lag behind their readers, according to columnist Jack McArthur of the Toronto Star. He believes that among a great number of Canadians there is "more understanding and a greater interest in the more complex things of the day than there is among a lot of newspaper people". This, in his opinion, stems not from a lack of ability, but from the prevalence of old-fashioned ideas such as that of necessarily associating news with fires, sordid murders, and train derailments. There is also a generation gap that is growing larger:

Many of those who determine what constitutes "news", either in print or electronic media, are usually older, and probably have a different set of values than the "Boomers" (younger adults between 18 and 24). This could be a contributing factor in the variation of interest in "news". It may mean that the traditional and established concepts of news may not be as relevant to the daily lifestyles of younger adults as was once the case. 16

This might explain in particular why the young prefer to read magazines and books.

But if newspaper content is slow to adapt to new realities, externally the newspaper is in the process of changing radically under the impact of new technical equipment. The clicking of typewriters and the crumpling of paper are increasingly images of the past, like the deskman with his eyeshade and the reporter with his police pass in his hat. The video display terminal (VDT) has arrived in the newsroom and with it comes a new atmosphere and a new way of handling copy which could have profound repercussions on the written press.

The newsroom has become less clubby than it was, and less grubby, both from the same cause. That is the advent of the video display terminal (VDT) as the newsroom manifestation of the new computer typesetting. In most newsrooms of the country, the typewriter has gone to join the quill pen, and the waste-baskets that overflowed with aborted leads and infelicitous middle passages are left to soft drink cans and discarded newspapers. . . . Today's reporter doesn't write on paper, nor does the editor edit on paper or write his heads on paper; both punch keys, like so many airline clerks making out tickets, and characters, words, and sentences are made to appear — and disappear — on a screen which produces no mess. 17

But is this ship, fast plowing into the future, guided by blind or by visionary pilots? More to the point, where is newspaper management to be found in all these currents? How can the attitude of owners and management influence the direction of the business?

Newspaper management

According to a study¹⁸ based on a sampling of dailies throughout the country, newspaper management of personnel is marking time in relation to technical development. In the production and editorial departments, the managers' job is particularly difficult. They must direct and motivate staff despite a notable lack of objective information that would enable executives to evaluate performance.

The results of the study show that the corporate owners can exercise an influence on the newspaper through their choice of senior executives. This influence can make itself felt even more directly through choosing or encouraging a weak management. When the staff does not feel strongly led, the newspaper administration, like the parent company, tends to see the necessity for closer supervision and for general control of decision-making. This in turn further weakens management, not because it lacks the ability to manage, but because it is not encouraged to become strong and autonomous.

On the other hand, by choosing strong management, or at least those who are considered strong by the staff, the owners can also influence the paper. In this case, however, the influence is less direct and depends more on the conduct and ability of the senior managers. When management gives an impression of strength, it likewise tends to believe that it is more independent. The result is that it can devote more effort to long-term planning and the introduction of change.

The staff of independent newspapers, in contrast to those belonging to a corporation or a chain, tend to believe that the owner is more concerned with the reader's needs, that he encourages impartiality and local news, and that he is less weighed down by the financial aspects of the business, such as profit, circulation, and advertising.

In newspapers belonging to corporations, on the other hand, the staff thinks that the owner is more interested in the financial side of the business and less with its public service side. But it should be noted that most employees, according to the study, say they agree with what they consider to be the owner's objectives. It is in the newsroom that one finds the greatest departure from the views attributed to the owner. There, cynicism reigns on this matter.

As for competition between newspapers, it seems that a good number of journalists do not have much faith in its virtues, perhaps because the "young journalists have never known anything but non-competitive newspapering". ¹⁹ In fact, it is in the small centres, where journalistic competition no longer exists, that this opinion prevails, as our study indicated.

Staff of newspapers in smaller markets, particularly those at English-language dailies, are more likely than staff in larger markets to believe that competition between dailies is unnecessary. They also believe more emphasis should be placed on regional and less on national and international news.²⁰

Some argue that in the end competition means only a circulation war, which does not necessarily translate into the improvement of a newspaper. The principal advantage seen in having two competing newspapers is the greater likelihood that a local event will not pass unnoticed.

Compared to their anglophone counterparts, francophone journalists tend more, in general, to view the newspaper as a public service and to believe that the reader

wants to be informed. They are more in favor of the regional outlook and of staffwritten material. They believe that while the newspaper functions better when several people are involved in decision-making, diversity of opinion in day-to-day operations should not be encouraged. Finally, they look upon competition with a more favorable eye than their anglophone colleagues.

But what happens when a newspaper changes hands? In particular, what happens when the business becomes part of a chain or conglomerate? In other words, what effect does corporate concentration have on newspaper content? During the Commission hearings, every newspaper chain in the country made much of the latitude and autonomy which they said they leave to their local publishers and editors. Southam even makes local autonomy, in the editorial area, one of the main articles in its "credo". We shall see how this works out in reality.

A change of ownership often influences the morale of journalists more than the content of the newspaper. After the merger of the Victoria *Times* and the *Daily Colonist*, under the Thomson regime, the atmosphere in the newsroom was described as intolerable. Even if the situation is not comparable, the acquisition of *Le Soleil* by UniMédia in 1973 created discontent among journalists and provoked strikes that were painful to both sides. As one of our studies shows:

The entry of the daily newspaper, *Le Soleil*, into Jacques Francoeur's empire meant a cultural clash between Québec traditions and Montréal marketing practices.²¹

In the same way, the sad end of *Montréal-Matin*, acquired by Power Corporation to protect the advertising market of *La Presse* and closed when it did not serve this end, sowed much bitterness in journalistic ranks. The testimony, sometimes moving, of the president of the union of the now defunct daily, given before the Commission in Montréal, is revealing in this respect:

There are three clans in Québec, the Power clan, the Desmarais clan—that is to say the Power-Desmarais clan, it's the same business—the Francoeur group, and the Péladeau group. When it's not one clan that buys a newspaper, it's the other. Whether it's with money of one clan or another doesn't change much.²²

The impression that they have become mere pawns on a vast chessboard, tiny cogs in an empire that governs them from a distance and that ultimately takes no interest in them except for the profits they represent, contributes to the disenchantment of journalists in some newspaper chains. Certain stingy practices and tendencies sap their morale still further.

As at the *Colonist*, some expense-cutting moves took place at the *Free Press* after the Thomson takeover, but before the *Tribune* collapse, which may have colored subsequent events. An attempt to curb newsprint waste in line with practices on other Thomson papers led to a decree cutting the number of papers delivered into the newsroom. This led to a brief but bizarre period in which *Free Press* reporters had to go downstairs to a newsstand to get a copy of their own paper. The move was apparently instituted to set an example—the papers would be cut back, and later restored, as a signal of how important it was to curb waste, but the idea backfired and was hastily rescinded.²³

The concentration of the press has had even more pernicious effects. The conformity it tends to impose, the constant search for even the smallest savings, and the

recourse to tried and true news formulas, has resulted in the development of a dreary uniformity in the handling of the news. S.R. Herder, general manager of Thomson's *Evening Telegram* in St. John's, Newfoundland, while finding it understandable that the big chains would want to apply everywhere those methods which had been successful elsewhere, acknowledges that this way of doing things "lessens the variety and flavor" of newspapers.²⁴

Concentration also tends to make local editors mere functionaries in the service of a management system, and to remove them from their social responsibilities. Professor Henry Mintzberg of McGill University described this phenomenon well:

(Chain ownership) tends to insulate management from local pressures, local situations. The loyalty is to the corporation, the loyalty is to the bottom line, and there is a certain mobility built into the fact that, if you don't make it in Montréal, then you can move to Toronto or Winnipeg or what have you, within the same corporation. I think that creates certain tendencies to be less sensitive to local needs, and perhaps sometimes to be less in touch with them.²⁵

Some newspaper executives who have fixed ideas on the dangers of concentration occasionally find themselves in embarrassing situations. Such was the case of the publisher of the Toronto *Star*, Beland Honderich, chairman of Torstar Corporation. He declared before the Davey Committee in 1969:

The growth of newspaper chains is dangerous, because it gives a few people the power to determine what many newspapers will print. That the present owners of chain newspapers claim not to exercise this control in no way destroys the argument, for they have the power of effective control, and if they do not use it now, they or their successors could decide to use it at some time in the future.²⁶

He returned to the charge, in February, 1981, before this Commission:

My reading of Canadian newspapers suggests that group ownership has tended to restrict the variety of opinion available to the public.²⁷

Then the following month before the Commission, he commented on the acquisition of Inland Publishing by Torstar's subsidiary, Metrospan:

In my mind, there's a great deal of diversity of opinion available to people in this market.²⁸

Unfortunately we do not have Honderich's reaction after Metrospan, having become owner of two Mississauga weeklies, decided in April, 1981, to withdraw one of two reporters from the municipal beat and to use the remaining one for both publications. We are asked to believe that this move, which is consistent with administrative rationalization, in no way lessens diversity of opinion and editorial expression in Mississauga. Indeed, an executive of the company declared: "I don't see how stories from two reporters covering City Hall will be different." 29

A digression is appropriate here to discuss the special situation of concentration in Québec. The Quiet Revolution brought in its wake a profound debate on news in Québec. The concept of social responsibility of the media there went beyond the purely moral aspect that it had elsewhere in North America to challenge the whole system of ownership in the newspaper business. The outcry was particularly loud

when Power Corporation acquired La Presse in 1967. The Bertrand government formed a legislative committee to study the question and to allay public wrath. Later, in 1973, Premier Robert Bourassa prevented Desmarais from adding Le Soleil to his group. This episode put a brake on the movement to concentrate ownership of the daily press in the hands of three existing chains owned by Desmarais, Francoeur, and Péladeau. A certain equilibrium was thereby established, to which the public and journalists have since grown accustomed.

Concentration is thus no longer the centre of debate that it was 10 years ago. It has been argued that concentration has not led to the closing of newspapers, except for *Montréal-Matin*, which was already moribund and which Power Corporation kept alive for several years at very great cost. Nor has it resulted in the depopulation of newsrooms through centralizing news, parachuting metropolitan news reports into the regional papers, and so on. Nor has it entailed political or financial censorship of any sort. On the contrary, it has enabled some newspapers to stay in the market, and introduced marketing techniques which are not bad in themselves, even if they have not been counterbalanced by an equivalent contribution on the intellectual level. Obviously, concentration has not had the same effects in all parts of Canada. Québec, in this regard, sets up certain defences of its own: a society ever on the defensive, the primacy of collective values, the relatively easy mobilization of opinion, the influence of unions, and a government that is willing to intervene.

In English-speaking Canada, editorials are considered to reflect the opinion of the newspaper and therefore are not signed. By contrast, in the French-language press, the signing of all editorials constitutes an important brake on the influence of business managements and the large corporate owners. The president of the UniMédia group and owner of Le Soleil, Jacques Francoeur, told the Commission in Ottawa: "... it's rather difficult to ask an editorial writer to violate his principles in order to accept those of management."30 The problem arose in an acute way during the referendum. Francoeur would have liked the editorial page of Le Soleil to reflect the two tendencies that divided Québec. However, since he was unable to find an editorial writer who favored the "no" side, and since no one could be compelled to sign an editorial contrary to his convictions, Francoeur asked his editors to refrain from taking a stand. At Le Devoir, where management was in conflict with journalists, notably in connection with appointing a new publisher, they preferred to let the editorial writers express themselves freely. The result was that only the editor-inchief lined up with the "no" side. This editorial liberalism, clearly, flows from the signing of editorials. It combines with other factors peculiar to Québec to counterbalance the concentration of press ownership by putting obstacles in the way of undue influence in the editorial area.

Still, it remains true in Québec that news sources are often confined to the same agencies and press conferences. In the end, the news is the same from one paper to another and from one medium to another. Thus, as was mentioned in *Les journalistes*³¹, the news editor of *Le Devoir* checks the lead stories of Radio-Canada and the news chief of Radio-Canada consults *Le Devoir* before preparing his televised newscast. The process is appropriately summed up as "dancing with one's sister". The cultural homogeneity of francophone Québec and its lack of resources, by com-

parison with those of English-speaking North America, tend therefore to standardize the news more insidiously and effectively perhaps than could any industrial concentration.

This contagious uniformity has a parallel in English-speaking Canada, where most newspapers depend on the same agencies and news services. One has merely to think, for example, of the 40 local and regional papers of the Thomson chain which depend almost entirely on Canadian Press for their national news.

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Jacques Goldstyn, Calgary

The news services

UCH of what Canadians read in their daily newspapers, hear on radio, and see on television newscasts comes from the humming wires of the news agencies — The Canadian Press, United Press Canada, and their affiliates abroad. How well are they doing their job?

It is a key question because the agencies are important. They keep us in touch with national and international events — telling us, in simple terms, what is going on in the world around us. Without them, we would soon lose touch with one another at home, and with the rest of the Global Village.

Any examination of this facet of the news industry must begin with the biggest institution of its kind, the one that affects us most: The Canadian Press, the national news-gathering co-operative. CP is Canada's national voice in print, and increasingly on radio and television as well. It is an anonymous voice in many respects; its name is seldom, if ever, mentioned in broadcasts, and appears only as (CP) at the top of printed news dispatches.

CP's history goes back nearly three-quarters of a century to Winnipeg, where the three local newspapers (those were the days) launched a battle to break the Canadian Pacific Railway's monopoly of the distribution and sale in Canada of the Associated Press report from the United States. The CPR had held exclusive rights to AP since 1894. (There is sketchy evidence that the railway itself had held a controlling interest in the Manitoba — now Winnipeg — Free Press before it was acquired by Sir Clifford Sifton in 1898. Although the CPR's own records do not indicate its ownership, the supposed deal between the railway and Sifton is referred to in a number of publications over the years, including G.R. Cook's The Politics of John W. Dafoe and the Free Press. Sifton, who was minister of the interior in the federal government of the day, is said to have acquired the paper at a knock-down price in return for helping the CPR get a \$3 million federal subsidy to build a spur line into the mineral-rich B.C. interior.)

In 1907, the CPR abruptly doubled the price of delivering the AP service to the Winnipeg papers. The publishers responded by forming their own co-operative agency under the name of the Western Associated Press, buying the services of

United Press, Publishers' Press and, later, Hearst News Service in place of AP. The railway fought back, demanding a higher rate for carrying the new competitive service on its telegraph lines. After two appeals by the publishers to the federal railway commission, however, it agreed to relinquish the AP contract. Canadian Press Ltd. then was formed to take over distribution of AP in this country.

It was not until 1917 that CP began to develop its own news-gathering service in Canada. It did so at first with the aid of a \$50,000 annual subsidy from the federal government to cover the cost of leased telegraph lines. Five years later, after much political debate about the wisdom of government involvement in the news business, the grant was cancelled, and CP members took over full financial responsibility for its operation. In 1925, they went on record at CP's annual meeting as declaring that never again must the co-operative accept a grant or subsidy from any source outside the industry itself. Today, CP, without help from government, delivers a quarter of a million words of news copy each day to its more than 100 newspaper members and close to 450 commercial customers in the radio and television industry, including the publicly owned CBC.

With its bureaus and newsrooms across the land, its service in two languages, and its growing inventory of sophisticated electronic hardware, CP does an expert, efficient, and conscientious job of covering the news within the limits of its budget and its mandate. It is expanding its service and modernizing its delivery methods.

Its shortcomings, however, are painfully visible. One of them is the quality of its services to French-speaking Canada — with more than a quarter of the national population — which can best be described as an embarrassment. Perhaps equally critical, in terms of keeping Canadians informed, is CP's chronic inability to stretch its resources to provide an authentically Canadian picture of events beyond Canada's borders. In that wider sphere, its performance appears to be going from skimpy to non-existent.

CP is a major operation by anyone's standards. It runs a multitude of news wires both day and night. Its 17 domestic and foreign bureaus employ more than 300 editorial people, including bureau chiefs and management personnel. It is represented in every province except Prince Edward Island, although in some cases the representation is minimal.

Its reach outside the country, however, is drastically limited. The overwhelming bulk of its foreign coverage is lifted from the wires of Associated Press, Reuters, and Agence France-Presse (AFP), with which it has exchange agreements. CP itself maintains only two correspondents in London, one in New York, and two in Washington. That's it for foreign staff. It employs not a single correspondent outside the English-speaking world.

Closer to home, it does not even assign its people on any regular basis to Canada's huge northland. (Neither do the newspapers, for that matter, with the single exception of the Edmonton *Journal*. The CBC does that job much better.)

CP, of course, is the creature of its membership, the newspaper publishers, more than half of them with the Thomson and Southam chains. Everywhere across the country the Commission encountered a lethargic, *laissez-faire* attitude with regard to CP's product, not least from CP management and the directors elected to its board from the publishing industry.

CP's immediate past president, Martin Goodman, president of the Toronto Star, described the agency in these glowing terms:

...a precious cultural resource...it embodies, in practical form, the hard-to-define character of Canadians, and its delivery to papers and stations across the country represents the harder-to-achieve goal of national unity.¹

Stirring words. But what is the reality?

The Commission, in the course of its public hearings from Halifax to Victoria, heard from CP's men and women in the trenches, the staff correspondents who produce the daily report. Their comments were troubling.

A staffer in the Maritimes, for example, suggested that what the agency is delivering to its member newspapers and broadcast customers is "journalism by the pound". He decried the chronic shortage of staff and overload of work assigned, and noted: "There's an awful lack of original investigative and interpretative reporting, especially in the regions." Instead of concentrating on broader coverage, he complained, CP staffers are tied down by routine, rewriting hourly radio news bulletins and processing sports scores.

Another staffer, in Ottawa, where CP maintains one of its biggest and most active reporting operations, expressed it with some bitterness: "CP executives may protest all they like, but penny-pinching remains the watchword of the day when it comes to getting the news."³

These and other complaints from the lower deck were strongly disputed by Keith Kincaid, CP's general manager, who termed it "a bleak and erroneous picture". He pointed to what he termed CP's "impressive record of growth in staff, news volume, quality, depth, and diversity", and observed: "These are hardly the activities of an organization in a constant state of retrenchment; but rather of an organization that is constantly growing and striving for improvement."

But such optimism and cheer cannot blind the Commission to the facts taken from CP's own submission. In the decade since 1971, when CP's overall numbers of non-management editorial staff grew from 220 to 299, the number of CP reporters assigned to Ottawa, the national capital, grew by four (from 27 to 31); but one-man bureaus in Windsor and London, Ontario, were closed, leaving the vast area between Toronto and Winnipeg — nearly a third of Canada's land mass from east to west — essentially uncovered; the one-man bureau in Paris was closed; the eight-man operation in New York City was reduced to one with the transfer of most of its operations to Toronto; and London, England, which 10 years earlier had boasted a staff of five (including the bureau chief), was cut to two, one of them a locally engaged helper. "At various times," CP's brief conceded, "CP has had correspondents in Moscow, Paris, and Brussels. They were withdrawn when it was decided by the membership that more resources should be devoted to domestic coverage. . . ."

This conscious decision to reduce the quantity and quality of CP's staff coverage abroad, it may be noted, flies in the face of the sympathetic, but firm, advice given to the co-operative by the Special Senate Committee on Mass Media in 1970:

We come now to an area of operation in which we think CP could be, and should be, doing a better job...We think it should have more staffers abroad, reporting the world scene as Canadians speaking to Canadians.⁴

That study gave general support to CP's performance as a "clearing house" for Canadian news, saying it did the job "supremely well". But with respect to its foreign coverage, mainly through its purchase of the U.S.-owned and managed AP report, it noted:

We do not suggest that the Associated Press. . .is not a fine news service. It is. But it is an American news service, and no amount of tinkering with AP copy in CP's New York office will give it a Canadian character.

And it added:

We think it is immensely important that the reporters who give us our picture of the world should reflect the kind of bias that Canadians tend to share, rather than the bias that Americans or Frenchmen or Englishmen tend to share. We think there should be more Canadian reporters abroad.

CP's answer to this advice has been to reduce its budget proportion for foreign coverage from 2.3 per cent in 1974 to 1.1 per cent in 1979.

Two nations

The Davey Committee in 1970 gave general approval to CP's efforts to provide "adequate" service to French-language members of the co-operative. Although the Committee acknowledged that the French service was inferior to the English, it blamed the deficiency on harsh economics, and suggested:

The best measurement of its utility is that its subscribers believe CP is doing everything it can to meet their needs.

More than 10 years later, that measurement deserves to be taken again. And here the Commission's research, along with the evidence of CP staffers at our hearings, leads to a much less sanguine judgment of the quality of the French-language service.

The French service is unwell. It is not yet a hospital case, but it certainly needs a doctor's attention. (PC) — for *la Presse canadienne*, as it appears in story placelines — requires an infusion of money and authority. It needs an elevation in status as well. The service consists of 30 reporters, editors, and translators, just one-tenth of CP's overall editorial strength. Its job is to serve 11 French-language newspapers in Québec, Ontario, and New Brunswick with 18 per cent of the national daily circulation. Its small numbers are spread thinly among Montréal, Québec City, and Ottawa, with one working in the English-language headquarters operation in Toronto.

It is treated by CP as a subsidiary, regional service like those in the Maritimes, Ontario, and the West. Its subsidiary status is underlined by the makeup of the CP board of directors: two seats out of 19 are reserved for French-language publishers, only one of whom need be from Ouébec.

Of the 20 French-service staffers assigned to Montréal, only six are full-time reporters, four handling general news and two covering sports. The rest are doing desk work or translating the English-language report for use in the French-language press. In Québec City, PC (or CP) employs 11 correspondents, seven of them French-speaking. They cover the National Assembly and occasionally deal with regional events in the eastern part of Québec. Two work for the CP English-language service and two for the broadcast service. The Ottawa bureau of CP, where there are 27 reporters, has three on the French-language side. Other than the single representative attached to CP's head office in Toronto, there are no French-language editors or writers anywhere else in the country.

This is a sore point with editors of the French-language newspapers outside Québec. The publisher of *l'Evangéline* in Moncton, serving a large French-speaking population in New Brunswick, told a Commission researcher:

When we can't cover the Legislative Assembly ourselves, we have to translate the English correspondent's text or one sent to us by Canadian Press, written by a journalist from one or other of the Irving papers.⁵

A CP French-service reporter told the Commission at its Montréal hearing that even in French-speaking Canada, the English-language service takes the lead in coverage, while the French service sticks basically to translation of the English report for Québec papers. He described the major responsibility of the French-speaking staff as "reheating" news originally written in English.

Our research also found a general dissatisfaction on the part of the French-language dailies with the coverage provided by the English-language service. This dissatisfaction includes the selection of events covered, the way they are covered, and especially the fact that the coverage is done in English and later translated. This may explain why the French-language press pays little attention to news from the rest of the country beyond Ottawa. As a consequence, its readers are isolated from their English-speaking compatriots. Our study of CP's regional output also indicates that Québec is seriously under-represented in national coverage. Coverage outside Montréal and Québec City is almost totally lacking.

Québec editors and publishers alike are critical of CP's behavior as a co-operative. "It's run by the Toronto Star and the Southam and Thomson groups," argued Jean Sisto, the assistant publisher of La Presse in Montréal. "The French service is dependent on the English service," agreed René Ferron, managing editor of Le Nouvelliste in Trois-Rivières. "If the newspaper chains in English Canada were to decide. . . to reduce the quality of their wire services, we couldn't do anything about it."

Guy Rondeau, who runs CP's French service out of Montréal, echoes the feeling expressed by the newspaper executives. "It seems impossible to make the French papers' presence felt within Canadian Press," he observed. "The lack of interest in CP shows up as well in the French service. No member paper requested anything specific on the Ontario general election. They all claim our coverage is too political. But they ask for more sports and news items."

Part of the problem — and a serious one in budget terms for CP — is the mush-room growth of the Quebecor tabloids *Le Journal de Montréal* and *Le Journal de Québec*. They are talking openly of withdrawing from CP and establishing a news service of their own. "We pay for a service, nothing more," according to Pierre Péladeau, the head of Quebecor. "If it doesn't meet our needs, we'll look elsewhere."

Withdrawal of the two papers would deprive CP of \$500,000 a year in assessment revenue, more than a quarter of its total receipts from the French-language press. It would result in sharply higher assessments for the remaining French-language papers and the English-language press as well, or a devastating reduction in the quality of service provided.

CP suffered a similar blow with the defection of the Toronto Sun group in 1979 and 1980. The Quebecor move would be more harmful, however, since there are fewer French-language papers to make up the revenue deficit and provide news to

the co-operative in return. The result could be a further degradation in quality of Québec coverage for the rest of the country.

Another cloud on CP's horizon is a study commissioned in 1977 by the provincial minister of communications to consider the viability of a separate Québec news service. It found that such a service would have to count on the massive support of Québec publishers and the disappearance of CP if it were to be viable.

The UniMédia papers — Le Soleil, Le Quotidien of Chicoutimi, and several weeklies — have also proposed an alternative news service, but the idea has not been put into full operation because of concern that unions would not permit its use in all papers of the group. If Quebecor withdraws from CP, however, the existing small operation, known as EdiMédia, might be extended.

Canadian Press budget revenues 1974-1981

	1981	1980	1977	1974
Assessments	\$8,888,000	\$8,112,771	\$6,289,723	\$4,284,072
Other services	2,989,100	2,612,536	2,222,121	1,306,046
Broadcast News, gross	7,233,500	6,517,935	4,132,350	2,360,655
Press News, gross	2,084,100	1,635,542	1,379,379	797,005
Pictures	1,483,600	1,365,075	992,416	708,455
	\$22,678,300	\$20,243,859	\$15,015,989	\$9,456,233

Canadian Press assessments to member newspapers (1981)

Group	Assessment (\$)	% of total assessments	% of total circulation of CP members
Southam	\$2,357,377	26.6	28.8
Thomson	2,443,661	27.5	22.4
Gesca	478,009	5.4	5.6
Quebecor	478,068	5.4	9.1
Irving	307,986	3.5	2.6
UniMédia	247,225	2.8	3.0
Sterling	197,410	2.2	1.0
Independents	2,370,410	26.7	27.5
Total	\$8,880,146	100.1	100.0

Looking inward

On the English-language side, the Commission came up against an almost smug expression of satisfaction with the *status quo* from publishing executives who determine CP's budget and thrust. For example, Margaret Hamilton, president of Thomson Newspapers Limited, offered the general comment that CP "is a better service in relation to serving the individual newspaper than anything available in the United States. And I think that's quite an accomplishment. . . ." She agreed that she would like to see more international coverage from CP, but called it "a case of, you know,

priorities". She added: "I don't sense a strong demand from the members of CP for additional foreign coverage."6

At the other end of the scale from the Thomson papers, which are mostly small, community-oriented publications, Martin Goodman of the Toronto *Star* told the Commission: "There is not a public appetite for international coverage." In an earlier interview he said: "If foreign coverage is important, show me the outcry. The audience is certainly not demanding it."

Well, let's look at this question again. The Commission's research has turned up some prominent examples which suggest that the audience, if not "demanding" wider coverage of world affairs, is at least extremely interested.

To begin with, an extensive survey was conducted in 1979 for the Department of External Affairs by Goldfarb Consultants Ltd. of Toronto, which, incidentally, often does research for Goodman's newspaper. The study showed that, of the 1,024 respondents interviewed, 39 per cent rated their personal interest in international issues as high; another 48 per cent defined themselves as "somewhat interested". Only 13 per cent indicated no interest at all. Interest in happenings outside this country was highest in British Columbia, where 46 per cent of respondents listed themselves as "very interested". The figure for Ontario was 42 per cent, followed by the Prairies and Québec at 37 and 35 per cent respectively. People from the Maritimes indicated the least interest — 32 per cent — which may be explained by the fact that Maritimers, with their traditional high interest in the United States, do not think of that country as "foreign" — it is "the Boston States" — in the same way that they do European or Asian countries and relationships.9

There are other examples. A National Newspaper Readership Study done for the Canadian Daily Newspaper Publishers Association in 1975 recorded the views of 7,715 Canadians on the sufficiency of local, national, and international news coverage. It found that 25 per cent of those interviewed wanted more international coverage in their papers, whereas 20 per cent wanted more national coverage, and 27 per cent favored more local coverage. In cities of more than a million population, where the major newspapers are often served by their own international news sources, the level of discontent with the volume of foreign coverage was slightly lower, at 24 per cent. In cities of between 100,000 and a million, it was 27 per cent; in smaller centres of 1,000 to 99,000 people, it was at the national average of 25 per cent. In urban French-speaking Canada, where 1,623 respondents were polled, the level of discontent was lower at 22 per cent.¹⁰

A national study conducted for the Commission listed a majority of respondents — 59 per cent — who selected newspapers as their primary source of local news. For more distant coverage, however, they gave higher marks to television. That may underscore the feeling that newspapers fail to deliver enough foreign news.¹¹

A vicious circle is at work. There are few Canadian correspondents abroad. Consequently, the editorial staffs of Canadian newspapers include too few people with knowledge of the outside world. Consequently, they do not know how to handle foreign news well. Consequently, the editors are able to convince themselves that what they cannot handle confidently is not what the readers want. People do not get the paper they would like but the paper its editorial staff is capable of producing.

CP itself is not unmindful of the industry-wide trend to downplay foreign coverage. Its former general manager, John Dauphinee, told a 1977 meeting sponsored by

CDNPA that he saw "a resurgence of regionalism" in the country's papers, but overall a narrowing of interest in events outside the local community.

A 1978 study conducted by Statistics Canada found that while more Canadians read local news than international news — 66 per cent to 48 per cent — this reflected "the news as presented by the newspapers". It added this cautionary note: "We should not leap to the conclusion that a particular group is not interested in national or even international news because they do not read the newspaper pages which feature it."¹²

The higher the educational, income, or age level of a group, the study found, the higher the percentage of interest in both national and international news. This may help to explain the present CP general manager's comment to the Commission that "the only complaints about foreign coverage I hear are from journalism professors" and that "if I detected any interest from newspapers, we'd do more." 13

However, at a meeting of la Fédération professionnelle des journalistes du Québec (FPJQ) in December, 1980, Robert Pouliot, a freelancer who writes for *La Presse* from the Middle East, challenged the view that Quebecers at large are not interested in international affairs. He cited a poll by *La Presse* a year earlier which showed that while 22 per cent regarded sports as their favorite reading, 36 per cent identified international news as most important.

It is also worth quoting students of the School of Journalism at the University of King's College in Halifax, who told the Commission: "Local reporting must not supplant solid coverage of foreign news. The country desperately needs more foreign correspondents, correspondents who live overseas and are free of what may be called 'the American bias'." 14

Stuart Keate, the former publisher of the Vancouver Sun, admitted in testimony to the Commission that "one of the ironies...is that the public does not display a noticeable interest in foreign affairs." Nevertheless, he said, his paper strived for and achieved a balance of one-third foreign news to one-third national, and the remaining one-third provincial or municipal in origin. (The Sun's managing editor, Bruce Larsen, estimated, however, that the paper's current content runs closer to 60 per cent local, 20 per cent national, and 20 per cent international, including both U.S. and foreign. So the Sun's appetite for world news may have dwindled since Keate's retirement.)

One final comment from the academic community: Professor John Sigler of Carleton University, noting that the Goldfarb study had shown that a large majority of the Canadian public wanted more information on foreign affairs, added as a clincher: "Canadian interests are not necessarily going to be well reflected in total reliance on the non-Canadian international wire services." 16

Nearly 11 years after the Senate Committee report on the subject, it is past time for CP and its member publishers to sit up and do something about improving Canadian foreign coverage.

The chains that bind

Who ultimately decides what Canadians want, and what they will receive, from their national news-gathering agency?

The day-to-day, hour-by-hour newsroom decisions are made by CP's editors. But the people up top — those who rule on budget matters, who decide how and

where the money will be spent — are the publishers of the daily newspapers that make up CP's membership. More than half of them (with 57 of the 110 votes among the general membership) represent the Southam and Thomson chains. Another quarter belong to smaller newspaper groups. The remainder — just under 25 per cent — are classified as independent.

Do Thomson and Southam, then, with their superior numbers, rule the roost? Well, yes and no. If they chose to vote as a bloc, they could. In practice, however, they don't appear to do so. The real decision-making power is delegated by CP's directors to a six-man executive committee. Here again the two big chains dominate the membership in numbers, with two members each on the current executive. The fifth place is held by a French-language publisher, who holds the office of vice-president; the sixth by the Toronto *Star*, an independent member and the country's largest daily. All the members of the executive committee represent conglomerates.

Chain influence on both the board of directors and the executive is a matter of concern to some of the remaining independent publishers, who concede it is inevitable in realistic terms. "If either of the two dominant chains is not in agreement, you couldn't get a program through," according to Michael Davies, publisher of the independent Kingston Whig-Standard. "They have to agree. Otherwise it doesn't matter what the rest of us want." 17

Publisher Walter Blackburn of the independent London *Free Press* sees the Thomson-Southam dominating influence as a natural consequence of the financial burden the two companies bear as CP's largest contributors; it would be the same, he suggested, in any business with major shareholders who had to pay the bulk of the costs.

Blackburn described the influence of the two chains on CP's decision-making as "very substantial", with Thomson people generally concerned about expenditures and Southam more interested in improving the service. This was not surprising in view of the kind of newspapers Thomson owned, at least until the takeover of FP. These papers were mostly small-town dailies, with needs and demands on CP somewhat different from the bigger papers: they wanted short stories, not comprehensive coverage.

Another of the independents, Hunter S. Grant, co-publisher and president of the Brockville *Recorder and Times*, noted that Thomson people do not put much effort into CP meetings: "The reason is that a day out of the office is a day they aren't making a buck for Ken (Thomson)." 18

Of the two chains, Southam appears the more active in CP's affairs. On the executive committee, both its representatives are publishers of large papers, the Vancouver Sun and the Edmonton Journal. Thomson's people represent small publications, the Cambridge (Ontario) Reporter and the Cape Breton Post.

Another point of vulnerability for CP is the agency's growing dependence on broadcasters for a large slice of its revenue. Through its subsidiaries, Press News Ltd. (PN), which serves the CBC for about \$1 million a year, and Broadcast News Ltd. (BN), which delivers both print and voice reports to the private radio and television industry, CP gains more than \$9 million a year in gross revenue toward its total budget of nearly \$23 million. (PN also draws revenue from other sources, including magazines and non-daily newspapers, government departments, the armed forces, and schools.) Compared to CP's 110 newspaper subscribers, 449 radio and television

clients take the BN output. Between 1974 and 1980, CP's total budget grew by 117 per cent. BN's share grew even faster, by 176 per cent.

BN's runaway success in the marketplace poses an incipient problem for CP. Now that broadcasters contribute so heavily to CP's earnings, they are expected to demand more in return, either through direct representation on the CP board, which at present has only publisher members, or through formation of a separate broadcast news agency, which they could control themselves.

The establishment of a second agency might be a good thing in other ways. Both A. Roy Megarry, publisher of the *Globe and Mail*, and Murray Burt, managing editor of the Winnipeg *Free Press*, suggested the idea to the Commission. It would help to overcome homogeneity in the news report, and would introduce a new element of competition in the media world.

Other voices

What there is at present, as a direct competitor, is United Press Canada Limited (UPC), the offspring of the American agency, United Press International. UPI retains a 20 per cent investment in the enterprise, with the remaining 80 per cent now in the hands of the Toronto Sun group.

UPC is actually a stepchild of the former British United Press, formed in 1923 as an affiliate of United Press in the United States. The two companies were integrated as UP International in 1958. In its heyday, BUP, with head offices in Montréal and a branch operation in London, England, maintained a staff of 85 correspondents, 24 of them in Canada. In 1938, 15 Canadian dailies that were members of CP also subscribed to BUP.

Today, UPC has eight bureaus across the country and 24 full-time editorial staffers, along with 60 to 100 "stringers" — freelancers or journalists employed by newspapers or radio stations in various parts of the country. As a straight reporting agency rather than a co-operative, it does not require its subscribers to contribute news in return. Hence it does not match CP's wider coverage. It does, however, transmit a daily average of 30,000 words of Canadian news, plus about 15 pictures. News from abroad, provided by UPI, adds an additional 50,000 words of copy and 90 pictures each day.

UPC offers advantages to editors that CP seems unwilling or unable to match. Its picture service is superior, and its tight, colorful writing style is particularly popular with the tabloids. Although its Canadian sports news is limited in volume, its U.S. coverage is all-embracing and generally excellent.

The agency has about 25 newspaper clients, including the three Toronto daily publishers (among them the Sun, its majority owner). It serves five Southam dailies — the Vancouver Sun and Province, the Citizen of Ottawa, the Gazette in Montréal, and the Windsor Star. It also delivers its service to about 50 independent radio and television stations, and CBC national radio and television, both English and French. The Globe and Mail is its only subscriber in the Thomson group. UPC's budget for 1981-82 is \$2.8 million.

UPC has fallen on hard times with the closing of the Winnipeg *Tribune* and the Ottawa *Journal*, and earlier the Montréal *Star*, and the merging of the two Thomson papers in Victoria into the new *Times-Colonist*. The closing of the *Journal* alone cost the agency \$57,000 a year in revenue. Of the 13 chain-owned newspapers which took UPC service at the time of its founding in 1979, only six remain subscribers.

UPC's operations have never been profitable — its deficit last year ran to \$300,000 — and, unlike CP, it cannot recover its losses by increasing assessments on its remaining subscribers. The deficit is picked up by its owners: 80 per cent by the Toronto Sun group, 20 per cent by UPI in the U.S.

Patrick Harden, UPC's general manager, presented persuasive arguments in favor of competition between the news services to keep the coverage "honest". One agency, he explained, keeps a constant check on the other, and can correct the record where needed; editors following both can spot the deficiencies when they occur. But he could offer little advice to the Commission on how this competition could be preserved in the face of economic pressures. He conceded he would not find government subsidization of the service "particularly alien", provided there were safeguards to ensure that the assistance did not "carry any strings". 19

Comment from journalists, their editors, and publishers across the country was generally in favor of wire service competition. The question in many minds, however, was whether the shrinking marketplace could continue to sustain two competing services without subsidization.

The result of the newspaper closings and consolidations has been that the broad-casting sector, which delivers some 40 per cent of UPC's revenue, has become crucial to its survival. UPC has responded by attempting to form a special broadcasting service, with separate wires for television and radio. The proposal has drawn some interest from executives of the private CTV network, Standard Broadcast News, and Newsradio services. Given a go-ahead, the new service could start this year, with a first-year budget of around \$1.25 million. Most of the cost would be in extra staff—possibly as many as 25 to 28. The service might be operated as a subsidiary of UPC, with part ownership by other groups. UPC's success in such an enterprise might cause serious damage to CP in the broadcast field, where the service provided by CP's subsidiary, BN, has been under attack. If UPC is successful in penetrating heavily into BN territory, CP stands to lose an important part of its total income.

Death in the family

Any discussion of the news services that help to enlighten Canadians must take notice of the death in the family that occurred simultaneously with the closing of the Winnipeg *Tribune* and the Ottawa *Journal*. We speak, with regret which is widely shared in the industry, of the short-lived FP News Service.

The FP service, a small but elite group established to serve the FP newspapers, came into existence only in the fall of 1979; it never lived to see its first birthday. It was warmly welcomed by its competitors, who saw it as a distinctive and admirable addition to the supply of interpretation and comment, particularly out of Ottawa. In part, it was a victim of its own high quality, and accompanying high cost. With the sale of the FP chain of newspapers to the Thomson group and the closing of the Ottawa Journal which followed in August, 1980, it was quickly put to death by its new owners.

Kenneth Thomson, in evidence before the Commission, explained the decision in these words: "I don't think they (Thomson publishers) would want a service of that kind, as elaborate a service, as extensive a service . . . and they certainly wouldn't want to be saddled with the cost of paying for what they wouldn't largely want, or use." The closing was not discussed with Thomson's publishers, however, before it

took place. As Thomson put it: "We operated on our knowledge of how we felt they felt, on past experience." ²⁰

The FP News Service was a relatively expensive operation, with a first-year budget of nearly \$900,000. (The Thomson News Service budget runs at less than half that amount.)

A tribute to what might have been, had FP been allowed to live, came to the Commission from columnist Allan Fotheringham, who left to join Southam News before the axe fell: "It was conceded all around, through the press gallery in Ottawa and throughout the rest of the newspaper world, I think, that it (FP) was composed of some of the brightest, and happiest, and best-equipped journalists assembled as a group in Ottawa."²¹

With the closing, they scattered quickly to other positions — the first editor, Kevin Doyle, had already left for *Newsweek* in New York; his successor, Doug Small, went to Global Television, and the rest to magazines or freelancing. As Fotheringham put it: "They're all making their money, some perhaps more, some perhaps less. But the public loses by losing that much experienced talent."

The Cadillac agency

The death of FP left just one major "alternate" service — Southam News.

Southam is the Cadillac of the news service business. It is well funded, does more foreign corresponding than any other Canadian service, and is widely admired by its competitors. Yet, it may be the very paucity of other matching services that makes it look so good.

It reflects the affluence of its owners, the biggest of the Canadian newspaper chains. It maintains its own correspondents on four continents, pays superior salaries and generous allowances. And it will continue to grow, Southam president Gordon Fisher assured the Commission: "It has never crossed our minds to contract the news service. In fact, it will expand as our bottom line expands."22

The Southam service has grown consistently during the past 20 years as the newspaper chain has grown. In 1957, when there were eight newspapers in the group (there now are 14), it operated with only three bureaus — Ottawa, Washington, and London — and a handful of correspondents. Today, there are 11 bureaus, six in Canada and five abroad. The yearly budget stands at \$2,306,000.

Curiously, however, the SN service has some severe critics within the chain, and its use in Southam papers is spotty. While the Calgary *Herald* uses close to 60 per cent of its output, the Brantford *Expositor* uses only 20 per cent, and the *Gazette* in Montréal, with one of the largest circulations in the group, carries only 22 per cent of what it receives.

Christopher Young, a former editor of the Ottawa Citizen who headed the news service as general manager from 1975 until 1981, and now its senior correspondent based in London, England, acknowledges that low usage is a constant sore point. In one case, which he described as unusual, the individual with the most influence over the paper's content has "almost a hit list" of Southam reporters whose work he does not respect. Their material never sees the light of day in his newspaper.²³

As publishers and editors of the papers change, use of the service changes, too. Young takes this in his stride, noting that "it's not very profitable to keep on badgering" the critics to use more of the agency's output.

Pride vs profits

If we're not doing a decent job, the job that we ought to do, then I want to do it; . . . if we can improve, we will.²⁴

When Kenneth Thomson makes that kind of statement — as he did to this Commission — he invites a challenge to carry out his commitment.

Colin McConechy, the former editorial consultant for the Thomson newspaper group, described the company's news service (TNS) as "anemic". He accused the company of "indifference" to the need for editorial quality throughout its operations. The effect is nowhere more visible than in the tiny, undermanned news service itself. It operates on a budget of approximately \$400,000 a year — less than one-fifth of the amount that Southam spends on its news service.

The Thomson papers, other than the Globe and Mail (which doesn't use the service) and Winnipeg Free Press, are relatively small dailies which cannot afford the same level of expenditure as their bigger Southam cousins. They also pay a somewhat higher Canadian Press assessment per subscriber than do the majors. (CP's complex assessment formula provides for a gradual drop in cost per thousand as circulation goes up. CP officials see this as the essence of the co-operative nature of the organization, with the stronger members helping the weaker ones. It can also be seen as an exercise in practical politics, since the major papers bear the bulk of CP's costs.)

Thomson provides no international news coverage from its own correspondents. The role of the news service was spelled out succinctly by Brian Slaight, Thomson's executive vice-president: "We are not trying to duplicate CP. We are not trying to compete with CP. We are trying to supplement CP coverage for our local audience."²⁶

To offer criticism of TNS, as many of the Commission's witnesses did, is not to be critical of the people who work for it. One of the best political commentators on Parliament Hill, Stewart MacLeod, contributes a five-times-weekly column which is widely published in the chain's papers. A foreign affairs column is filed from Toronto by John Harbron, who before the death of the Toronto Telegram was editor of its editorial page. A business and consumer column is also written from Toronto by Vincent Egan; and the Ontario Thomson papers carry a Queen's Park column by Derek Nelson. Beyond that, the service provides little but local items from Hansard in the House of Commons and the Ontario legislature.

We have dealt with Thomson's faults and failings in the news service area. In the absence of any strong defence from the Thomson side, the Commission is left to reflect on the biting analysis of Edwin Bolwell, former editorial director of the defunct FP newspaper chain: "You can imagine what would happen if the Thomson group bought an NHL franchise," he told us. "They would buy all the other teams and shoot winning scores into empty nets." 27

The outsiders

Because CP's news output is so limited in the area of its own foreign coverage — or at least in part for that reason — many Canadian newspapers buy material from syndicates and agencies in the United States and Britain.

The most important American sources are the New York Times, the Los Angeles Times-Washington Post, Knight-Ridder, Chicago Tribune, Christian

Science Monitor, and Des Moines Register and Tribune. From Britain, the papers buy the services of the Sunday Times, the Times, Financial Times, Daily Telegraph, Guardian, and the Economist. Without exception, they are worthy services from some of the world's outstanding news organizations. As supplementary services, they are beyond reproach. The problem is that in terms of depth and quality, they are not supplementary; in the absence of comparable Canadian services, they are all that's available.

The Globe and Mail, for example, buys the New York Times service along with that of the Times of London, Reuters, and, from Paris, Le Monde. The Vancouver Sun and Toronto Star make use of the combined wire of the Washington Post and Los Angeles Times. The Gazette, now alone in the Montréal English-language market, has the luxury of both New York Times and Times-Post coverage.

Beyond these extra services, some major papers buy the work of freelance correspondents in other countries. As the Toronto Star's Martin Goodman testified: "The strength of the Star has never been its reliance on the services so much as on the fact that it has stringers, people who may work for somebody else but freelance for us, or on a retainer, both across the country and throughout the world."28

Even if CP were to provide more adequate foreign coverage of its own, some or all of the larger papers would continue to buy these special services, if only for the sake of variety. But a wider CP coverage would reduce the necessity to do so — and give an authentic Canadian touch to what Canadians read.

To sum up

The Canadian Press is doing a good job in an efficient and conscientious way within the constraints placed upon it by its member publishers. If it is to become a better service, it is up to the directors of the co-operative to give it the direction and the funding to do so. Prominent among the weaknesses that could be corrected are the inadequate service to French-language papers, and thus to French-speaking readers; and the virtual absence of foreign coverage by CP staff correspondents.

The dominant influence in CP belongs to the chains; as a result, the organization fully reflects the power of concentration in Canada's newspaper industry. But CP cannot be faulted for taking direction from its membership as a whole. Its members are ultimately responsible for what CP does, and doesn't do; it is their responsibility to respond to criticism and act accordingly.

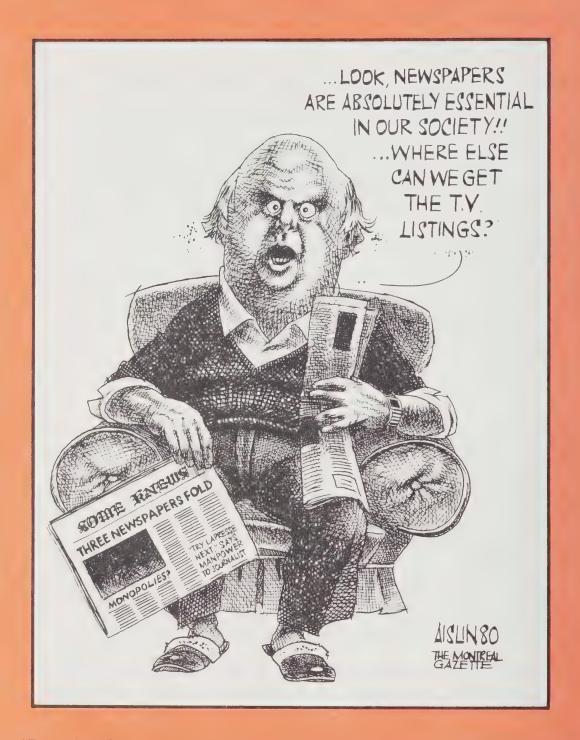
United Press Canada and Southam are taking their responsibilities seriously and contributing to a general improvement in the standards of news service journalism.

As for the Thomson organization, if it heeds the words of its chairman, it will go to work to build greater quality into the Thomson News Service: an effort that would be appreciated by readers of those newspapers, and would serve Canada's interests as well.

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Aislin (Terry Mosher), Montréal

Cartoon donated by the artist. Mosher was co-author with Peter Desbarats of *The Hecklers: A History of Canadian Cartooning - A Cartoonists' History of Canada* (McClelland and Stewart, 1979). Mosher and Desbarats advised the Commissioners in their selection of cartoons for publication in this Report.

The public agenda

The reporting and discussion of public affairs is a mainstay of newspapers, and the performance of their role in this respect has been a central concern of the Commission. An important part of the function is political journalism. Without political news and commentary, it is possible to publish a list of stock-market quotations, a racing sheet, or a community bulletin board. What these publish is news, but they are not newspapers as we understand them.

Informed and opinionated newspapers have been fundamental to the development of modern Western democracy. Thomas Jefferson once wrote to a friend that "were it left to me to decide whether we should have a government without newspapers, or newspapers without a government, I should not hesitate a moment to prefer the latter."

Through its own research, public hearings, and letters from newspaper readers across the country, the Commission has become aware of a national consensus on the quality of political journalism. There is a belief that it has lost vitality, and with this has come a decline in regard for the newspaper as an institution. Exploring the relationship between these developments is vital, not only for the future of newspapers but for the well-being of the nation. Newspapers cannot thrive without political journalism, and there may be some doubt whether democracy can flourish without newspapers, or their equivalent.

In this respect, Canada's daily newspapers cannot be said to be thriving. In their public affairs reporting, and in their interpretative role, they have lost the impact they once had on public thinking. In part, this is because they have adapted to the standards of television journalism, with its emphasis on political leaders rather than the issues for which they stand. Newspapers have failed to exploit their own very real advantages of depth and comprehensiveness.

In part, also, the decline can be traced to the concentration of newspaper control. Chain ownership tends to withdraw from commitment on issues of national importance; chain owners, in fact, make a virtue of their non-involvement. Such matters are delegated to local managers whose responsibility is by definition diluted. Often, they take their mandate to apply chiefly to local affairs. The result, in terms

of vigorous national debate, is debilitating. The alternative, that power to influence opinion should be more openly exercised from a few corporate boardrooms, is not acceptable. The only acceptable direction is to reinvigorate the national influence of independent editorial voices, and that will require further adaptations in the structure of the newspaper business.

The essential connection between a healthy, independent, and diversified press and democratic vitality has been noted since state authorities in Europe gave up licensing printed matter. Society in North America has been influenced by newspapers whose founding purpose, highest calling and basic support, high-minded or otherwise, originated in the world of politics.

The relationship is at the heart of the Commission's concern about ownership and concentration in the daily press. As Heywood Broun wrote nearly 50 years ago, after the death of two New York dailies, "I wouldn't weep about a shoe factory or a branch-line railroad shutting down, but newspapers are different." A.J. Liebling, in his book *The Press* in 1964, was worried about the plight of the press at that time because he saw it as "the weak slat under the bed of democracy".

The press and the party system were identified in 1955 by Canadian historian Frank H. Underhill as "the two chief instruments in democratic communities for mediating between the government at the centre and the citizen body at the circumference". In his foreword to W.H. Kesterton's pioneering history of Canadian journalism in 1967, Wilfrid Eggleston said that ownership, control and quality of the press are of "paramount importance" in a large, complex, and democratic society.

Until recently, Canadians took it for granted that newspapers were political creatures. The political birth of the modern Canadian nation was attended by a highly political press. Newspapers at the time of Confederation "reported and informed; they commented and criticized; and in the broadest sense they revealed the diversity not only of men and politics but of life itself." The passage is from *The Life and Times of Confederation*, by P.B. Waite, who also described "the real interaction of politicians and newspapers" during that period. "Political patronage the newspapers expected and received. They entered the cut and thrust of political life with all the verve of the politicians whose views they represented. Their remarks were vigorous, at times vindictive and downright scurrilous; they had in fact the same characteristics as politics itself."

This was the way publishers, editors, and journalists saw themselves at that time. George Brown, the editor of the *Globe*, once postponed a decision to enter politics because he was "better employed here, firing away in the *Globe*". Journalists still working on Canadian newspapers can remember editors who were militants in the highest echelons of political parties, and politicians who treated journalists as if they were propagandists for hire.

That newspapers have lost some degree of political influence, in the smoke-filled back rooms and with the public, is both self-evident and well documented. Research studies for the Commission have confirmed it. Less obvious, at first glance, is the relationship between this loss of political vigor and the trend toward monopoly newspapers owned by large corporations. Most journalists believe, as a matter of faith, that one has followed the other, but academic researchers have usually found it impossible to measure the connection empirically.

The decline of the newspapers' place in public affairs is related to changes in ownership, although that is only one of many factors. The newspaper that was, in

effect, owned by a political faction was once the rule. Little more than 150 years ago, the *Times* of London received an annual payment from the Foreign Office to support its policies. In the 1930s, the deficits of a daily newspaper in western Canada were met by the country's prime minister, R.B. Bennett. It was not until the 1960s that the Union Nationale party in Québec relinquished control of its newspaper, *Montréal-Matin*. Today it is fashionable to sneer at the propaganda newspapers of yesterday, and no one would want to resurrect them, but they were not without virtues. Their political biases were declared. They were expected to compete with other newspapers, often of the same kind. Cutthroat commercial competition was compatible with a lively marketplace of rival political ideals crying for attention. The funds that political parties poured into newspapers were a tribute to their influence.

For better or worse, publishers, editors, and journalists were wedded to the political system as closely as the politicians. Naturally, they saw a great deal of one another. No longer is this the case. According to Commission research, the old pattern of close and continuing ties between cabinet ministers and important editors and publishers is largely a thing of the past, apparently having declined along with the partisan press.

The relationship has cooled on both sides. Publishers and editors may proclaim a new independence from political influence but the fact is that the politicians, in the main, have stopped trying to convert or corrupt them. The attention of the political world is elsewhere, distracted by the television screen and new problems of communication. Few politicians can spare much time for editors who no longer have firm party loyalties, devoted readers, or recognizable public reputations. The modern editor, anonymous to his or her readers, is of less account in political circles than the electronic journalist armed with a camera and microphone.

The 1957 federal election campaign was the first in which television was used extensively. It has taken less than 25 years for the television screen to replace the newspaper as the most prominent source of political news for most Canadians, the main concern of political specialists charged with molding public opinion, and the chief recipient of political advertising. In the 1979 federal election campaign, more than 55 per cent of the money spent on advertising by the three major parties went to television; radio received 27 per cent; only 18 per cent went to print media of all kinds.

Powerful chorus of faded divas

Decreasing influence is a vicious circle for newspapers, but society could view it dispassionately were it not for anomalies in the process. While people generally rely less on newspapers for political information and guidance, those for whom newspapers remain important often play a leading role in shaping the opinions of others. "Major daily newspapers," in the words of one of our research studies, "remain the primary source of public affairs information not only for the top decision-makers but also for the most politically attentive segment of the population at all levels."

The relatively long tradition of political print journalism, compared with electronic media, and the large editorial staffs of newspapers, compared with radio and TV newsrooms, continue to give newspapers a major background role in the nation's continuing political drama. Faded prima donnas they may be, in many cases, but in combination they still form a powerful chorus. As Senator Keith Davey said to the

Commission, "Now, more than ever before, print determines if not how we think, then certainly what it is we think about. . . . Print, principally newspapers, determines society's agenda."8

Although there is relatively little research to illuminate the precise relationship between news media and government, the role of newspapers as agenda-setters for society and, to some extent, for government, is well documented. A study of public opinion in Canada from 1960 to 1978 found that public perceptions of the most important problems facing the country were related not only to the actual incidence of unemployment or inflation, for instance, but also to newspaper headlines.⁹

The Globe and Mail testifies to the influence that continues to be exerted by a newspaper with a clearly defined idea of its own role and substantial editorial resources. It is read by almost three-quarters of the country's most important decision-makers in all parts of Canada and at all levels of government. More than 90 per cent of media executives read it regularly and it tends to set the pace for other news organizations. Le Devoir plays a similar role in the French-speaking community. The Toronto Star, through its syndicated columnists, has some national influence. The Star and other major dailies continue to influence the tone and content of political discussion in their own regions.

This indirect influence, on the mass media and other opinion leaders, seems difficult to reconcile, at first glance, with the fact that newspapers have lost ground with the public as the primary source of political news and commentary. Have they, overall, lost or gained influence? Clearly, they no longer have the field of political news and commentary to themselves. This loss of direct influence on the public, however, has to be considered in the light of their unrivalled news-gathering capacities, and their depth of news coverage. Other media rely on the newspapers' assessment of events to guide their own coverage. Newspapers remain indispensable in the whole process of reporting and evaluating political activity. Perhaps they have failed to recognize and exploit this sufficiently. They could have expanded and improved their political coverage in recent years instead of seeming to accept, at times, the role of camp-followers of the electronic media.

The sheer momentum of newspapers, because of their size and traditional role, continues to make them influential agents in our public life. If this momentum has become aimless, the danger to society is greater than if the newspapers had become simply irrelevant. There is some evidence that this has occurred.

The most revealing and worrisome signs are at the local level, where newspapers originated and where the voice of the newspaper still commands the attention of citizens and the awe of local politicians. The power remains but the will to use it has largely disappeared.

There is evidence at the local level, if no longer at the national level, that newspapers can affect election outcomes. In a 1977 study of civic politics in Vancouver, nearly two-thirds of the voters polled said that newspapers were an important source of civic news — at that level, a more important source than television. ¹⁰ In most cities, the newspaper has a larger local affairs staff than the total for all local broadcast media. It continues to influence the content and tone of public affairs coverage by these other media. Its letters-to-the-editor columns are an extensive and permanent record of popular debate on political issues. At the local level, newspapers often provide the only vehicle for alternative or critical perspectives on the policies of a domi-

nant faction. Their role as opinion leaders in the community is critical and irreplaceable.

Several editors and publishers of smaller dailies told the Commission's researchers that chain ownership had increased the editorial independence of their newspapers by making it easier for them to resist pressures from local power structures. In Nova Scotia, for instance, the executive editor of the Cape Breton *Post*, Ian MacNeil, told the Commission that "since Thomson took over, we have become a better newspaper. The previous publisher had prejudices like you wouldn't believe. I have not found that anywhere with the Thomson people. They're much more open." Such cases do not mean, however, that new-found independence has been much used by newspapers. It has been negated to some extent by monopoly situations. Good political reporting and commentary require resources.

The Commission found that newspapers in competitive situations were more likely than those in monopoly situations to make editorial endorsements of political candidates at all levels. They also tended to accompany these endorsements with a wider ranger of political comment. Although the evidence is not conclusive, our research data suggest that competition does foster editorial vigor.

A number of editors told the Commission's researchers that to endorse candidates in a monopoly situation would be unfair. Several municipal politicians who appeared at our public hearings said the same. Some editors claimed that readers wanted their only local newspaper to be unbiased. Editors in competitive situations, on the other hand, were likely to argue that the newspaper had a right to express its opinion.

Monopoly newspapers generally are more reluctant to make endorsements in local than in federal or provincial elections. They claim that other newspapers with different editorial positions on provincial and national affairs circulate in their communities to some extent; only with respect to local affairs do they enjoy a clear monopoly on editorial comment. "Who will help other candidates who are not endorsed?" asked the editor of the London *Free Press* in one of our research interviews.

There are differences in endorsement practices among chains, and between chains and independent newspapers. The newspapers most likely to make no endorsements are those owned by such small chains as Sterling and Bowes, and the Quebecor newspapers whose president, Pierre Péladeau, said to the Commission, "I take for granted that our role is to report the news as it is, and leave it to the reader to make the right decision." Practising what he preaches, Péladeau ensures the political independence of his readers by giving his editors none; they are not allowed to write editorials. Southam dailies are inclined to endorse candidates at all levels. Smaller independents and Thomson newspapers are more likely to refrain from endorsements than other chain-owned newspapers of the same size. Margaret Hamilton, president of Thomson Newspapers, told the Commission that the group's newspapers "do the very best job they can to inform the public about all of the candidates". She downgraded the importance of political editorial endorsements, saying that "one of the things that those of us who are in the industry sometimes over-estimate is our political...or our influence editorially." 13

At the Commission's hearings in Halifax, the publisher of the Chronicle-Herald and Mail-Star, Graham Dennis, stated that "it is our duty, insofar as is possible, to

avoid aggravation of our political conflicts." ¹⁴ Testifying to the success of these efforts, William MacEachern, Liberal member of the Nova Scotia legislature for Inverness, told the Commission that the Dennis philosophy seemed to be that "if something is said or is given the mantle of the legislature on it, the *Herald* will print it, but they seem to be deathly afraid of touching any subject that has anything even remotely connected with controversy. . . . They do not take a partisan position. . . . I wish to God sometimes that they would." ¹⁵

Varying practices among chains and independents have occurred within a general decline of partisan editorial commitment among newspapers, particularly at the local level. Monopoly journalism seems to be the cause, rather than chain ownership per se. As the Commission discovered, at times this deterioration has been noticed and deeply resented at the local level. The most recent and perhaps strongest example of this public reaction was explored for the Commission in a case study of media and local political coverage in Victoria, where two newspapers under common Thomson ownership became one, the *Times-Colonist*, in September, 1980. 16 The study revealed a high degree of dissatisfaction among citizens and politicians alike with local political coverage by the combined newspaper, as well as a sudden increase in attempts by politicians to use the media, particularly radio and TV, to communicate directly with citizens.

Instead of two reporters covering city hall politics in Victoria and being "quite often...at opposite ends", according to one of them, there was only one after the newspaper merger. The survivor also doubled as a weekly columnist on municipal affairs, losing credibility as an objective reporter. A constant flow of letters from Victoria gave the Commission a keen appreciation of how reluctantly some Canadians accept, at least at first, the change from a competitive to a monopoly press.

The question that concerns us is not the propriety or otherwise of political endorsement by a monopoly newspaper. Endorsement can be grossly unfair to some candidates. Neutrality can take the edge from a newspaper's political coverage. Some monopoly English-language newspapers occasionally have adopted signed editorials in an effort to avoid official endorsement of candidates, a common practice in Québec where editorial writers not only sign their work but sometimes disagree with one another on the same page.

Editorial writers on a contemporary newspaper, of course, have no monopoly on opinionated journalism. In place of the former division between editorials and objective reporting, there is now a no-man's-land of individual commentary inhabited by cartoonists, columnists, photographers and photo editors on occasion, and reporters aspiring to analytical journalism. The absence of partisan editorials, in a modern newspaper, doesn't necessarily mean a lack of viewpoints strongly expressed throughout the newspaper.

The issue, therefore, is not only whether a newspaper has a strong political position as editorial policy. Desirable as that has been in the past, monopoly ownership now impedes it. The only way to overcome this would be to assure real independence for editors. In the meantime, the question is whether newspapers care enough about political affairs to pay for adequate reporting and informed analysis, whether opinionated or not.

In many areas, community newspapers publishing once, twice, or three times a week have enlarged their political coverage and commentary as the dailies have

declined, but in all but a few cases they lack the editorial resources and circulation to provide a real alternative to the monopoly daily. The editorial weakness of some of these dailies, however, may have contributed to the growth of weeklies in the past decade.

Coverage of provincial politics, particularly in regions dominated by a single newspaper or newspaper group, suffers from the same disabilities, mitigated to some extent by other media and newspapers from outside the region.

The Ottawa Gallery

If there is to be conclusive evidence of a decline in political journalism, it must be sought in the inner temple of the profession — the Parliamentary Press Gallery. Prime Minister Mackenzie King described the Gallery as "an adjunct of Parliament". In 1969, the federal Task Force on Government Information referred to it as "the most important instrument of political communication in the country".¹⁷

Only a generation ago, the Gallery, like its provincial counterparts, was generally partisan, with reporters closely identified with various parties. It was more like a club than a professional association. The political world in Ottawa now has outgrown the club. While Gallery membership has increased substantially, from 88 members in 1959 to 234 in 1981, it has grown more slowly than government and it has failed to keep pace in experience and expertise with the institution that it is supposed to observe and assess. Members of the Gallery themselves seem to be conscious of a decline in prestige. As more and more reporters appear on the Hill, according to the Commission's research, they "appear to be getting younger and less experienced and the rate of turnover appears to be increasing, reaching an estimated 40 per cent per year in recent years." The suspicion is growing that "becoming an Ottawa correspondent no longer represents the pinnacle of a reporter's career".

Members of the Gallery also sense that they have become less important in the eyes of their publishers and editors. As late as the 1960s, there still were legendary figures in the Gallery who were more like ambassadors for their newspapers than mere correspondents. After extensive interviews with members of the Ottawa Gallery and those in the provinces, researchers for the Commission concluded that "Ottawa coverage may have improved in the past 20 years and, in particular, more specialized analytical copy may be available, but it has to fight for space in the regional dailies and often ends up in overset or the wastebasket."

"This pattern," according to our research, "also appears to reflect a decline in the priority given to political coverage, a decline which accompanies the end of the partisan press. Many gallery members across the country told us that they had to struggle to get space in the face of marketing surveys which appeared to favor feature material over hard news and political comment."

Gallery members also recognize that the complexity of modern government has outstripped their own capabilities. Despite a trend toward specialization in the larger news bureaus, vast areas of official activity are rarely covered. In particular, the superior courts, regulatory agencies, and bureaucratic policy formation are virtually ignored. "In many cases," according to the Commission's research, "the growth of the galleries has merely resulted in more reporters chasing the same stories, often from the same perspective."

The increase in the number of print journalists in the Ottawa Gallery, from 83 in 1959 to 142 in 1981, has been due mainly to an increase in the size of major bureaus, the establishment of more news services, and a sharp rise in the number of freelance journalists. The "Ottawa correspondent" for the regional daily has been on the decline as more newspapers have relied for Ottawa coverage on news bureaus serving a number of papers, and Canadian Press. Fully half the nation's daily newspapers rely exclusively on CP for Ottawa coverage. Fewer than 20 per cent have their own correspondents in Ottawa, while the rest supplement CP coverage with pooled coverage, syndicated columnists, or occasional visits to Ottawa by staff reporters.

Concentration of ownership appears to have produced concentration of news facilities in Ottawa, resulting in a centralization of national political coverage. This is an ominous development for a nation that requires efficient and interactive communication between the national political centre and regional centres of political and economic power. Regional correspondents in Ottawa traditionally helped to inform politicians of conditions at home as well as reporting Ottawa news from a regional perspective. Central news bureaus often tend to produce copy that even editors, let alone readers, find irrelevant.

While the traditions of individual newspapers and the preferences of local news executives are important factors in determining the extent and character of a newspaper's political coverage, the Commission's researchers found that mergers of newspapers and the creation of pooled news services clearly resulted in a loss of diversity. The large news services can provide comprehensive coverage of parliamentary events, and in this respect may be doing at times a better job than their predecessors, but the flow of commentary and interpretation has been severely limited.

Press and politics on-camera

Concentration of ownership and centralization of political coverage have coincided with the advent of television. In 1959, there were five broadcast (and somewhat outcast) journalists in the Ottawa Gallery. Their number has risen to 92 in 1981 and they tend to dominate the style and content of news coverage in Ottawa. Television reporters, in particular, form an identifiable elite in the Gallery, with incomes and audiences far larger than those enjoyed by print journalists. They have unrivalled access to politicians. Political developments are scheduled and staged to suit their requirements.

In a typical Ottawa "scrum" of journalists besieging a politician for comment, radio and TV journalists usually are at the centre, asking the questions, while the print journalists scribble in their notebooks on the sidelines. The politicians tend to answer in short "clips" tailored for newscasts rather than entering into substantial discussions with journalists. Researchers for the Commission found that "despite the good work of some correspondents and producers, especially with the CBC, the requirements of television news have clearly helped to make political coverage more superficial."

Some observers believe that television has helped to create a more cynical, confrontational style of journalism, which has spilled over into newspapers. Emotional political conflict is made to order for television news, but information about complex political situations is extremely difficult to present on television in ways that will

interest and inform viewers. In theory, the brief news reports on television should be complemented, for the audience, by information in newspaper articles. In reality, print journalists tend to follow the cameras, microphones, and lights toward television's story and, in many cases, to form part of the cast of extras that eventually appear in the television report. Later, having watched the news on television, they return to their typewriters to try to describe the new role that television plays as participant as well as recorder of the political process. Fearful about their own careers, often relying on radio and television for extra income and exposure, print journalists have found it difficult to adapt to television without being overwhelmed by it.

Within the small world of the media, nevertheless, print remains the agenda-setter. The first item of the day's business in every radio and TV newsroom is the reading of newspapers, usually the Globe and Mail followed by the main regional newspaper, and the scanning of reports from CP, largely drawn from newspapers. With the print journalists in Ottawa following on the heels of broadcast journalists, with editors in TV newsrooms using newspapers as a guide to newscast line-ups, the pro-

cess of "pack journalism" reaches a circular absurdity.

Television has come into its own, and political journalism has veered toward total irrelevance, during recent election campaigns. Liberal party strategists in 1980 went so far as to declare that they did not care what the print medium published so long as the party received regular television coverage. Key staffers from the three major parties started each day of the election campaign by reviewing clips from the previous night's television coverage on all networks. The most effective campaign strategies were those that deliberately limited leaders to one or two media events each day where they addressed selected partisan audiences. These ersatz public appearances almost completely supplanted authentic contact with voters and precluded any intelligent discussion of issues. Television was forced to report them daily while print journalists were reduced to criticizing the television campaign. That did nothing to inform citizens of the substance of party differences on the major issues facing the country.

While newspapers have criticized television coverage of election campaigns, their own is remarkably similar. Several studies have shown that leadership is the most prominently reported theme in campaign coverage by both newspapers and television. The similarities in emphasis among the media are far more striking than the differences. Studies of the 1974 and 1979 federal election campaigns have found that the dominance of television networks and news services encouraged uniform and centralized campaign coverage. 18 Newspapers appear to have been heavily influenced by television coverage with its emphasis on attacks and counter-attacks, leadership, color, action, and the "horse race" aspect of campaigns. Local and regional issues have been neglected.

Newspapers continue to provide a wealth of detail about candidates and issues in election campaigns. Without this background information, many election reports on radio and TV would hardly make sense. Newspapers continue to do this out of a sense of duty and tradition, but increasingly their best talents and most prominent columns are given over to reporting and reviewing the campaign's electronic circuses where the stars of politics and television journalism compete for public attention. By following this course, newspapers place themselves on the sidelines, to some extent, and miss an opportunity not only to provide in-depth political news and commentary that most of their readers cannot find elsewhere, but to regain their primacy as the main channel of communication between government and the people.

Less than two decades ago, politicians relied to some extent on journalists' assessments of public opinion. This ceased almost entirely in the 1962 election which was described, at the time, as Canada's "first scientific election" because of the use of intensive, privately commissioned public opinion surveys, statistical analysis, and the latest techniques in advertising and mass communications. By polling voters and spending heavily on television advertising, political parties have attempted to absorb and control two campaign functions — intelligence and communications — that they once relied mainly on the press to provide. The largest newspapers and newspaper groups commissioned their own opinion polls. All this activity reinforced the focus on party leaders because the results were often presented as measures of the effectiveness of leaders' campaigns.

Recent election campaigns have exemplified the concentration and uniformity of news coverage that has become the norm in Canadian political journalism. Everyone keeps an eye on the *Globe and Mail* in English, *Le Devoir* in French, usually through the news agency that all the newspapers own in common, Canadian Press. CP is also the main news provider to radio and TV stations throughout the country. All from one and one from all: concentration of the Canadian media has raised pack journalism to the level of a national institution.

Ironically, however, the same concentrated press that breeds conformity now raises the banners of regional pride against it. Interchangeable publishers, editors, and reporters, instant boosters of wherever they happen to be, lash back in parochial anger at the world that they have helped to create.

It is easy to say that television is blunting the blade of print journalism. The fact is that the newspapers themselves are largely to blame. By their emphasis on personalities, rather than the exploration of issues, they have followed television up a blind alley. They have lost much of their audience for serious discussion of public affairs because they have not put into political reporting and analysis the resources required in a world of increasingly complex issues. They have not taken advantage of their own strengths. Thereby, they have seriously weakened their fundamental role in a democratic society.

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Quest for quality

IKE any trade, profession, or industry, journalism must pay constant attention to quality if it is not to lose public confidence. In a fast-moving age, with few fixed or familiar values, journalism needs more and more guideposts and guardrails if it is not to deviate from its course — a sort of signalling system to keep it on the right track and to point out ways to improve and extend its service. In this chapter, we will examine recent progress in this country in self-regulation, through press councils and ombudsmen, and in apprenticeship and professional development, through journalism courses and organizations devoted to the improvement of the press, both as a business and as a profession. It should be noted that these means of maintaining and improving the quality of journalism apply in most instances to both print and broadcast journalism.

The press council

As a rule, a press council is a permanent, self-governing body set up primarily to observe the news media and to hear complaints the public may have about the media's performance. Sweden was the first country to establish such an organization, in 1916. Today, the press council can be found in a number of countries, and it varies in function and form. The Swiss council, for example, is composed only of journalists, the Japanese only of media owners, while the British includes journalists, own-

In Canada, the idea of a press council was slow to develop. The British council, formed in 1953, served as a model during the 1950s and especially during the 1960s when in Québec and Ontario demands for a press council became insistent. Social unrest and challenge to authority reached a peak in that period, and the press found itself at the centre of the storm. The media, which in a consumer society are expected to represent everybody, were pulled hither and yon, torn between the competing interests of all the many groups that were determined to make their voices heard. In Québec, the rise of violence associated with nationalism, the accusations and criticism levelled increasingly at the press, and above all the arbitrary intervention of the police into journalists' activities, convinced thinking people, within the

media and without, of the need for an impartial body, one above the fray, to judge the sins and omissions of the press and, in particular, to protect its freedom. In Ontario, the struggle was less heated, but there, too, the press did not escape the tensions arising out of the new social divisions. In fact, in 1968, the McRuer Commission on Human Rights felt it necessary to propose to the provincial government that it set up an independent press council to monitor and discipline news organizations.

At the end of the 1960s, the idea was ready to take off, and it seems to have been the Davey Committee that gave the starting signal. The Senate report strongly advocated the creation of press councils for both linguistic communities. The Toronto Star, which had toyed with the idea for some time, decided at that point, along with other newspapers, to move into action. Thus was born the Ontario Press Council, in June, 1972. The year before, Mark Farrell, publisher of the Windsor Star, had already established a council for the Windsor region. It was also in 1972 that the Alberta Press Council was formed. A year later, after much debate and vacillation, Québec created a similar body. These four press councils, the only ones in Canada at the moment, have already established important benchmarks in self-regulation for the journalism profession and for the newspaper industry in general. In most respects, however, the four differ in both spirit and practice. The difference is particularly noticeable between the Ontario and Alberta councils and that of Québec, which from the very outset assumed unusual range and importance.

In English-speaking Canada, the three councils, inspired mainly by the British experience, base their approach on conciliation rather than on arbitration or judgment. They limit their concern to the written press and, with certain exceptions, to the minority of newspapers that make up each council. The small Windsor council is in a category by itself; its community orientation brings the Windsor Star and radio station CKWW together in support of the same ideals. However, it appears that the preponderance of public representatives on the council (two-thirds) has up to now kept other media from joining. At least this is the explanation offered as to why the other news organizations have turned a deaf ear to invitations to join. The Windsor council has had to handle relatively few complaints, some of which concerned the right of access to the media.

The Alberta Press Council, whose membership includes five of the province's eight daily newspapers, has several features in common with Ontario's. For example, it has equal representation from newspapers and the public (five delegates from newspapers and five from regions served by the papers), it deals only with the print media, and it hears complaints only if the aggrieved party cannot come to a prior agreement with the newspaper. The council's aim is to give the public a possibility of recourse against abuses of the press and to promote the right to information. It has had to examine cases of obstructing press coverage, notably on the part of prison authorities at Fort Saskatchewan, who forced press photographers to expose their film after an official visit, and of the University of Alberta, which tried to bar press coverage of some official meetings. Yet the council handles only a few cases a year. This light activity has been attributed to the low level of politicization in rich Alberta.²

The Ontario council does not have this problem. It has handled more than 600 cases since its inception, twice as many as its Québec counterpart. Established by a handful of newspapers to preserve the freedom of the press and to foster better rela-

tions with the public, the council tries to settle disputes between parties before rendering a decision of its own. It has had to deliver a final opinion on only a minority of complaints, the majority of the complainants having obtained satisfaction from the accused newspaper or having withdrawn their complaint. More than half of the grievances concern the honesty and objectivity of reporting, and nearly a quarter the difficulty of access to the newspaper. In its report for 1979, the council noted that complaints concerning news treatment were declining in relation to those about access to the newspaper and advertising content. This reflects a new trend in public demands. As well, the council has been drawn into broader social questions such as sexism. This issue, among others, forced it to break its own rule of confining its attention to particular cases, and in 1978 it published a brochure proposing general guidelines for the media on this question. In another incursion into the realm of ethics, it put out, a short time later, a position paper on the subject of acceptance by journalists of gifts and services.

Despite its progress since 1972, the Ontario Press Council is not recognized by all newspapers. After the North Bay Nugget joined in March, 1981, the council still numbered only 10 member dailies, though they account for 55 per cent of newspaper circulation in Ontario. One sign of the distrust with which the council is regarded: of the 17 non-member papers against which complaints were filed in 1979, 16 refused to authorize the council to examine the complaint. Moreover, no paper belonging to the Thomson chain is a member of the council. Kenneth Thomson stated in Commission hearings in Ottawa that the publishers of his papers decided on their own not to join the council. As for himself, citing the British experience, he does not believe such an organization can be very effective: "I think every newspaper is its own press council in a small community."3

Because of the different nature and bent of Québec society, the Québec Press Council (QPC) is like no other in Canada. Although the concept of a press council had been accepted in principle by 1968, five years elapsed before it became a reality. The delay was caused by the antagonism between press employers and employees. Both sides are represented on the council which, with the public's representatives, is a tripartite body: six from management, six journalists, six from the public, and the chairman, who must also come from the public. There are other differences between the QPC and its English-language counterparts. The QPC includes both the press and the electronic media and its jurisdiction is not limited to members. Before examining a complaint, it does not require bargaining by the parties concerned; rather it asks them for explanations and then renders its decision. Thus it operates as a tribunal which seeks to impose its moral authority on the world of Québec journalism.

Tempted at the beginning to adopt a code of ethics, the council finally chose to build up a casebook based on precedents. This pragmatic approach, which conforms so little to French legal tradition in Québec, was taken because the industry and profession have so much trouble reaching agreement on common objectives, and because of a general fear of too-rigid codifications. The QPC's objective is to protect and strengthen the public's right to fair and full reporting; up to now it has received some 300 complaints. This is a relatively low number and it reflects not so much public apathy as the slowness of the council (because it lacks means) to win public recognition. The number of complaints did, however, rise 28 per cent in 1980. It seems that there are twice as many complaints about newspapers as there are about

journalists. Insufficient access to the columns of the newspapers is much deplored. The other most common subjects of complaint are biased coverage, inaccurate information, lack of professional discipline, discrimination, invasion of privacy, and interference with the right to information. During the referendum period particularly, the council was hard-pressed to strike a balance between the freedom of the press and the right of the public to be informed. Leaning now to one side, now to the other, the council underlined not only the tensions peculiar to Québec society, but also the problems inherent in any press council.

Though in the past eight years the QPC has earned a solid reputation and has without a doubt helped to eliminate certain abuses, it is not unanimously accepted in the publishing world. Senior management, and especially those who run media that lean toward the sensational, look upon it with suspicion. In this regard, remarks made before the Commission by Serge Coté, editor of *Le Journal de Québec*, a paper frequently criticized by the QPC, are quite revealing:

Let's say that we are rather reserved toward the press council. We're psychologically distant, if you like, toward the press council because our product is different; ... our product is arrogant, it's biting at times and that goes against the traditionalism in the Québec media, and if only for that reason, we greet the remarks that may be made by the media traditionalists with great reserve.⁴

For their part, the journalists, who are represented on the council by delegates from the Fédération professionnelle des journalistes du Québec (FPJQ), argue that the QPC favors the rights of business management over the right of the public to know. They note with disapproval that more than 80 per cent of the council's funding comes from the business sector. They fear that this inordinate weight may sway decisions at critical moments. To remedy the situation, the council has tried for several years to finance itself through an independent foundation, but the amount forthcoming up to now has been far below expectations.

More generally, it is considered unfortunate that public representatives on the council are a minority and that the council is dominated by the industry and the profession. As journalist Louis Falardeau pointed out recently, "Because of the presence of management and journalists, both of whom defend their own interests, the council is paralyzed every time those interests greatly diverge. And because the council functions by consensus rather than by vote, to avoid conflicts that could split the council, the public's members do not play the role of arbitrator but instead help to find compromises; for the same reasons, the council never gets around to taking a clear position on the large and very important problems regarding the public's right to be informed. The best example of this is the pious resolution expressed every time there is a long strike in the media." Falardeau concluded:

In my opinion, a council controlled by the profession, regardless of the sincerity and goodwill of its members, will serve only to protect the interests of the profession. Now if it's really the public interest that we want to serve, let's give the Council to the public and let's agree to serve on it only as defenders of our own interests. Let's stop acting as judges in our own case.⁵

Ombudsmen

Along with the press council, another means of self-regulation has appeared on the Canadian newspaper scene: the ombudsman, who could be defined as the reader's

protector, appointed by the newspaper itself. The word and function originated in Sweden, which in 1969 appointed a news ombudsman, a judge by profession, to serve the public exclusively.

But it was, rather, recent American experience that inspired the Toronto Star when it introduced the ombudsman in Canada in 1972. In fact, the experienced journalist who became the newspaper's conscience, so to speak, or the reader's representative, and who was given the necessary space to publish his comments, was never officially called an "ombudsman" but "Your man at the Star". There was more to the creation of this post than pious purpose, however. The Star wanted to strengthen its credibility. Thus the move was something of an attempt to attract readers. The ombudsman, in serving as the paper's moral bondsman, became a good drawing card.

Self-serving or not, this step nonetheless had positive effects on the practice of journalism in that it inspired caution and greater concern for objectivity. The same effect has been observed in Alberta where the Edmonton *Journal* was the third daily in Canada to have an ombudsman. The *Journal*'s ombudsman, John Brown, told the Commission that his work had made the newspaper's staff more sensitive to the public interest. However, even though he receives some 60 calls a week from the public, he says that journalists' complaints are even more numerous. "Sometimes," Brown told us, "you wonder who are more difficult, the readers or the people who work at the newspaper." The ombudsman is thus led imperceptibly to become a kind of mediator within the newspaper itself. Brown, incidentally, was one of the founders of the North American Organization of Newspaper Ombudsmen, which has 25 members.

One Québec daily, the Gazette, recently named an ombudsman, and another, Le Soleil, plans to do so soon. Both are omnibus newspapers like the Star in Toronto. Le Soleil is in fierce competition with Le Journal de Québec, to which it has lost many readers in recent years. Québec City's traditional newspaper no doubt seeks to establish better communication with a public it feels is harder than ever to hold. As the Toronto Star has already proved, the ombudsman kills two birds with one stone: he enhances the prestige of the newspaper, and endows it with a kind of moral conscience.

In fact, the ombudsman exerts considerable influence. He receives the public's complaints and undertakes to find solutions. He publishes his findings in a column in which he has great freedom. Finally, in seeking through persuasion to reinforce concern for fairness in the treatment of news, headlines, and so on, he stimulates competition for excellence in the newsroom.

Strengths and weaknesses

Since the Davey Report, self-regulation by the press has made much progress in Canada, at least in those provinces where there are press councils and ombudsmen. Though still relatively new, these mechanisms have already proved their value, exerted their moral authority, and laid the foundations for journalistic ethics that could spread across the country.

Nonetheless, senior management remains extremely touchy about the possibility of outsiders meddling in its affairs. Thus press councils are regarded with considerable mistrust. The president of Sterling Newspapers, David Radler, expressed this

feeling before the Commission when he characterized press councils as "an open forum for denunciations". Murray Burt, managing editor of the Winnipeg Free Press, was equally harsh when speaking of the councils:

I don't like the prospect of editing over my shoulder, perhaps second-guessing three months after the fact — or however long after the fact.⁸

Many publishers and owners, however, see press councils as the lesser of two evils. The president of *Le Journal de Montréal*, Maurice Custeau, had this to say when speaking of the QPC: "We don't like to be judged, but it's a necessary evil." In fact, it is to the industry's advantage. Press councils and ombudsmen develop better communication and understanding between newspapers and their readers. In addition, they serve as a shield against government intervention, the shadow of which hangs over the press like Damocles' sword.

In social terms, press councils promote tolerance and fair play. They contribute greatly to a change of attitude, they grease the wheels of social change, so to speak. The intervention of the Ontario and Québec councils against racism, ethnic stereotypes, and sexism, are examples. But for the councils themselves, these large questions have an even more critical aspect. They put their customary authority to the test and in effect force them to establish general standards. Thus they have been led almost inevitably into the realm of ideology and politics, especially in Québec where ideological tendencies are more pronounced than elsewhere. Moreover, because the media often have a bone to pick with public authorities about access to information, the councils, even the smallest, have had to take a public stand against unwarranted closed meetings and police harassment.

The right to information also causes a problem when it runs up against the principle of free enterprise. The notion of freedom of the press, born at a time when it was relatively easy to launch a newspaper, and when there was a profusion of papers of every political stripe, is today strongly opposed by the notion of the public's right to information. The press councils, especially Québec's, are torn dramatically between these two notions, which both management and journalists use to their respective advantage. Massive industrialization and the concentration of press ownership in the past several decades have made the social responsibility of the media essential. But how can a company's freedom of expression in refusing to publish an article be reconciled with the public's right to information? Is it like trying to square the circle? The existing councils are cautiously feeling their way, trying to find a happy medium.

At the beginning of the last decade, the Davey Report recommended the creation of a national press council. Many wonder if the idea is still appropriate. In fact, it was not recommended once during the Commission's hearings in the major cities across the country. Instead, the most common suggestion was the establishment of press councils in provinces where there is none. The fact that provincial councils have an established practice, that there is already an established jurisprudence which differs from one place to another, and that the nature of the councils differs from one place to another — all this seems to present an obstacle from the outset to the creation of a Canada-wide organization.

The profound differences between the Ontario and Québec councils speak for themselves. How to reconcile, for example, the normative, legalistic propensities of

francophones with the distrust anglophones have for everything that even faintly smells of a court? (Paradoxically, the Ontario council has tended so far to be more legalistic than its Québec counterpart.) Another drawback is that a federal or Canada-wide council, even if it had no authority other than moral, could impinge upon provincial jurisdictions; all the more because it would touch on culture and communications, fields that have already produced epic debates between the central government and Québec.

Furthermore, how can an effective press council be set up in a province such as New Brunswick where the English-language media are monopolized by a single family? Such questions indicate how difficult it is to apply the idea of a press council universally and uniformly in Canada.

Schools of journalism

As the Canadian Daily Newspaper Publishers Association stated in its brief to the Commission, journalism courses in colleges and universities constitute one way of improving the quality of the press in the country.

Though it had a late start compared to the United States, the teaching of journalism in English-speaking Canada has a certain tradition behind it, while in French-speaking Canada it is still in its infancy. Journalism courses were offered at the University of Western Ontario in London in the 1920s, but it was not until 1945 that a complete program was set up there, and at Carleton University in Ottawa. 10 In 1949, the Ryerson Polytechnical Institute in Toronto started a journalism program which differed from the others in its emphasis on the practical aspects of the occupation. These three Ontario institutions constituted what could be called the cornerstone or first wave of university teaching of journalism in Canada. The second wave came after the Davey Report or just before it, as at Université Laval in 1968. The Senate Committee, deploring the gaps in journalism training, recommended that courses be instituted at the university level in every region of the country. This now is almost the case, since the past decade saw journalism programs set up at Concordia University in Montréal in 1974, the University of King's College in Halifax in 1978, and the University of Regina in 1979; and the University of British Columbia is getting ready to fall into step in 1983. During this same period, Québec set up similar programs in the two French-language universities in Montréal. So much for expansion. We now take a look at the programs offered.

In English-speaking Canada, 31 institutions offer courses in journalism: six universities and 25 colleges. The training varies not only from level to level, but also from place to place. In general, the colleges offer programs of one to three years in length to students who have completed Grade 11 or 12, university graduates, and experienced journalists. College instruction leans toward the practical side of journalism and emphasizes written work. General academic courses, when they are offered, are of secondary importance. Although those with college diplomas find it difficult to obtain jobs on the large daily newspapers, they do manage to find work with weeklies, small dailies, and local radio stations. But it all depends on the location. Graduates of Vancouver College (Langara Campus), for example, having no competition from the university level at the moment, are well received in their region. The same is true for Holland College, which offers the only course in journalism in Prince Edward Island. Others are distinguished by the quality and originality

of their teaching. Humber College in Toronto, whose journalism program is the most advanced in the country at college level, has become known for the importance it places on the role of new technology in newspapers. Algonquin College in Ottawa is the only institution to offer a complete journalism program in each of Canada's two official languages.

At the university level in English-speaking Canada, the six institutions currently offering courses in journalism have programs that differ substantially. The length of the programs is equally varied. The School of Journalism at Carleton University, by far the leading one in the country, with some 600 students and 22 full-time professors, offers a four-year bachelor's degree and a specialized master's degree for which a thesis is required. There is also a more concentrated course, which lasts one year, for those already holding a bachelor's degree. The BJ program is a mixture of liberal arts courses and specialized study. In 1974, the University of Western Ontario dropped its undergraduate program, and now offers a journalism program at the master's level only. This course, open to university graduates and experienced journalists, lasts 12 months. Enrolment is limited to about 40 students. The advantage of limiting courses to graduate students, according to Professor J.L. Wild, is that they do not drop out of the course as undergraduates tend to do.

We were spending a good deal of time with people who weren't destined to be journalists.... Perhaps today the whole process should be at the graduate level, in the interest of both journalistic and media standards.¹¹

Other features at Western include an annual student exchange program with the department of journalism at Université Laval and a special journalism program for native Indians and Inuit.

The four other universities offer only a BA in journalism for the time being; each is different in some way from the others. Over the years, the Ryerson Polytechnical Institute in Toronto has become known as a down-to-earth establishment, leaning more toward practice than theory. The prejudice against Ryerson graduates, that they were merely uncultured technicians, has disappeared since the institute became a degree-granting institution in 1972. Nonetheless, the three-year course (with an enrolment of more than 400 students) emphasizes practical work and subjects not usually found in universities, such as press photography, graphics, and editing.

Concordia University initially offered a minor in journalism, but since 1980 has offered a major as well. The program now includes an introduction to radio and television broadcasting. The university's location, in the heart of Montréal, allows it to produce graduates sensitive to the French fact. Indeed, this is one of its aims, and it requires of all graduates a working knowledge of the French language. Concordia's journalism department submitted a study to the Commission on the services offered by the Montréal English-language media to their linguistic community. The two newest schools have already developed an individual character. The University of King's College, in the Maritimes, devotes the first year of its four-year BA program in journalism to a survey of Western civilization, including literature, economics, fine arts, and science; the last year is devoted to practical journalism. Finally, the School of Journalism and Communications at the University of Regina offers two years of general and two years of practical training.

As we have seen, English-speaking Canada has a well-developed system of journalism education, extending from college to university and from sea to sea, and the programs are quite varied in content and orientation. This is true at both the bachelor's and master's level. The diversity is enriching, especially in a field as undefined and as general as journalism. It is well here to let a hundred flowers bloom.

Graduates of schools of journalism in English-speaking Canada seem to have little difficulty finding jobs. While, in general, those from university obtain better positions than those from college, few if any of the hundreds graduating each year are unable to find work. Management seems fairly satisfied with these recruits. Employers find that, despite basic shortcomings such as a firm knowledge of grammar and the ability to type, the graduates learn quickly. This plays an important part in their getting jobs, as does the high motivation represented by their years of study of the profession. Also, the graduates seem to be improving every year. Thus a degree in journalism is becoming more and more of an advantage in entering the profession. The proof is that the major newspapers now recruit on campuses each year.

The situation in French-speaking Canada is not so rosy, in relation to either employment opportunities or the education of apprentice journalists. Having developed much later than the English side — the Department of Journalism and Communications at Université Laval was created only in 1968 — the teaching of journalism is still to a certain extent in the primary stage. This is indicated by the fact that there is still no bachelor's degree offered in journalism, let alone a master's degree, and a general skepticism reigns among newspaper people about the value and usefulness of such studies.

Only two French-language universities offer diplomas in journalism: Laval and Montréal. Even then it is only a certificate for the equivalent of a year-long course, given at night at the Université de Montréal, and a minor part of a BA degree at Laval. Université de Québec à Montréal (UQUAM) offers a journalism course as part of studies for a BA degree in communications.

At the college level, the Jonquière CEGEP is the only one in Québec to offer a three-year program in journalism. (CEGEP stands for Collège d'enseignement général et professionnel: college of general and professional instruction.) This program, which got under way in 1967 in the Department of Media Arts and Technology, trains the aspiring journalist in news writing and radio and television broadcasting. The only other college offering journalism training in French is in Ottawa: Algonquin College. Its two-year program was established in 1971 to train print journalists. In passing, one wonders why no school of journalism has been established in Hull, since half of the French-speaking students at Algonquin College come from Québec.

Journalism studies in the French language thus leave much to be desired. Many observers have deplored the scattered and limited resources and programs, and the lack of conviction of those responsible. Caught between the theoreticians and the practitioners of the communications arts, university teaching is standing still if not going backward. Graduating students are the first to criticize their overly theoretical training, which ill prepares them for the realities of working life. These graduates must prove their competence in newsrooms where the old tradition of on-the-job training is still in force, even if most editors and publishers say that in principle they favor journalism schools. Moreover, for the 100 or so graduates every year, there is hardly any hope of getting a job in the major news organizations, which are fully staffed and where the waiting lists have grown considerably longer with the recent

closing of some papers. The only openings are at local radio stations and especially at the weekly newspapers that have sprouted up all over Québec in recent years. Faced with this state of affairs, many suggest restricting admission to journalism courses or at least ensuring that the universities and the press work together to find a solution. It has also been suggested that more emphasis be placed on the upgrading and development of journalists already on the job. It was with this idea in mind that those responsible for university programs invited the FPJQ to join them in setting up the Centre québécois de recherche et perfectionnement en journalisme (Québec Journalism Centre for Research and Professional Development).

But journalism students are not necessarily assured of a brighter tomorrow. In Québec, as in the rest of Canada, the shortage of job openings threatens to become acute in the next few years since there are more and more graduates and fewer newspapers. A pertinent question is whether it is wise to make a degree in journalism the only means of entry to the profession. Isn't there a risk of imposing sterile uniformity on an art that should be open to all avenues of knowledge? Care must be taken that the schools do not reduce journalism to a practice for a privileged few and themselves become seminaries for the various journalistic vocations.

As far as the teaching of journalism is concerned, there is a generally felt need at the moment for concerted action on the part of schools, both colleges and universities, to harmonize their programs without making them uniform; concerted action by the universities, the profession, and the industry to adjust the yearly flow of graduates to the needs of local, regional, and national markets; to unite theory and practice; and to adapt journalism programs to present and future realities.

In this respect, instead of turning out narrowly trained journalists, sealed off in their shells producing journalistic pearls, with no concern for the outside world, could not the schools develop a critical look at the news media? To be sure, it would be necessary to combine this with teaching the practical aspects of the craft. There are some important questions that bear on the future which can be studied in depth only at university. What is the significance of new technology, such as videotex, for journalism? What will be its effects on quality and style? And, above all — a question of particular interest to the Commission — what effect will the concentration of the ownership of the media have on the distribution of news, and what effect will it have in the foreseeable future?

More immediately, in an officially bilingual country such as Canada, it is surprising that so few schools of journalism, on both the English and French-language sides, demand of their graduates a certain degree of bilingualism. Communications are vital for bringing together the varied elements of Canadian society. Since journalism is the nerve centre of modern communications, it is imperative that leading journalists be able to communicate in both of the country's official languages.

But the solution to the problems of the press will not be found only in the university. Within the profession itself there are other ways to improve journalistic quality, other possibilities relating to professional development, which we will now examine.

Journalists and professional development

Although for decades there has been a repeated call for a higher quality of journalism, professional development programs have had a long and difficult birth. Except

for occasional conferences and workshops organized by newspapers, there was no serious effort before 1972 when the Canadian Daily Newspaper Publishers Association (CDNPA) created its editorial division, and it began to function fully only in 1975. Since then, professional development programs have gained much ground, at least in English-speaking Canada. Almost all daily newspapers with a circulation of more than 70,000 offer journalists their own professional development programs or take part in those set up at the regional or national levels.

The CDNPA has been a catalyst in this development. In 1974, it began a series of regional seminars on subjects ranging from municipal affairs to editorial staff management. It has also organized several national forums, including one in 1977 that brought newspaper editors and publishers together to discuss the constitutional question. In the past few years, to strengthen ties with universities, the association has organized two projects: an "editor-in-residence" plan, which allows an editor to spend a few days meeting students (the term seems a little strong, given the brevity of the visits); and a publisher-professor exchange program, which offers each an opportunity to gain a fresh perspective from exposure to the other's milieu. In 1981, the association established a new type of service, making available to newspapers material for in-house seminars on various subjects such as deciphering financial reports, the use of opinion polls, and others. It is estimated that in five years, more than 1,500 newspaper executives and journalists have made use of the association's programs. Even though these programs last only a few days, a week at most, they are good training if for no other reason than to demonstrate the need for professional development programs of greater scope and depth.

The Canadian Community Newspapers Association has also organized training sessions on several journalistic topics for weekly newspapers. And the two major daily newspaper chains have instituted quite different professional development programs through their head offices.

Those which the Thomson group has adopted for its newspapers are quite restricted. A central office team, upon request from member papers, organizes round-table discussions on practical questions such as page makeup, efficient editing, reporting techniques, etc. In addition, publishers and editors are invited to Toronto once or twice a year for more comprehensive sessions. This system, which has been in operation for almost 20 years, seems efficient in augmenting practical training, but it is seriously deficient as far as the major trends and larger problems of the profession are concerned. This method of working in isolation cuts the Thomson papers off from important developments elsewhere.

At Southam, the situation is different. The question of professional development is left to the individual newspaper, and attention is focused instead on management courses for executives. Two types of courses have been organized. One is a week-long session, led by a professor from the University of Chicago, for case-study of problems in newspaper management. The other deals with personnel management, relationships between executives and employees, and is offered to deskmen and department heads. The company also used professional training officers for a while but gave this up in 1976. It should be pointed out that Southam, while having initiated few professional development programs within its organization, did set up a scholar-ship program for journalists in 1962.

A number of papers have started their own professional development programs, consisting essentially of workshops and seminars. These meetings deal with both

theoretical and practical questions. At the Kitchener-Waterloo Record, for example, a group of journalists and executives interested in municipal affairs held regular meetings in 1979 and 1980 to improve the handling of news on this subject. And the Calgary Herald has hired a copy editor to help journalists improve their style. Other papers such as the Globe and Mail have begun to hold writing workshops, with limited success. Others periodically evaluate the performance of the different branches of the editorial operation. As far as broader questions are concerned, several initiatives have duplicated programs already set up by the CDNPA. In general, the weakness of internal seminars on general topics is that they lack the scope, and do not last long enough, to make journalists truly proficient in a specific area.

Another means of promoting excellence in the newsroom under consideration for several years is to have a specialist concern himself solely with professional development. But given the unsatisfactory experience at the *Gazette*, and other semifailures, it appears that this idea has not yet taken hold. The principle is good but in practice such a sensitive post must be held by someone capable of fitting into the day-to-day operations of the business and earning the respect of journalists, which is not easy.

To give journalists the opportunity to improve themselves, several newspapers, other media, private businesses, and press clubs offer scholarships. The Southam organization is a leader in this respect. Since 1962, it has given journalists with five years' experience an opportunity to study at the University of Toronto, paying tuition fees and related expenses, plus a salary. It now awards fellowships to five candidates a year, at an annual outlay of more than \$100,000. Southam's fellowships are available to all Canadian working journalists, French or English-speaking. It is regrettable that other organizations have not yet seen fit to follow this Southam initiative.

Canadian Press also organizes training workshops for its journalists but has distinguished itself primarily by its surveillance of journalistic language. Its stylebook is in widespread use and has gone through several printings.

The Centre for Investigative Journalism, founded in 1978, is a new instrument that the profession has created to raise its standards. Up to now there have been three annual meetings, the last one held in Montréal in March, 1981. Major issues of the day are discussed, those that might be fit subjects for deeper study: threats to the environment, the arms industry in Canada, government subsidies to sports, current political schemes and manoeuvres, and so on. Already with 600 members, the centre has just opened a permanent office in Montréal. It also publishes a periodical devoted to journalism and organizes regional meetings on specific subjects. Up to now, the newspaper industry and the universities have looked upon this initiative of the profession with great reserve.

Still others have added grist to the mill. In Edmonton, reporters and editors have formed an association — The Edmonton Journal Newsroom Association — dedicated to improving the quality of the profession. It organizes meetings with people from outside the newspaper to discuss investigative journalism and other subjects of mutual interest. A similar association came into being in 1980 in Regina. It has already organized a seminar in that city on the improvement of the media.

Finally, publications run by journalists themselves play a role, and it is not a small one. But their critical view of the industry offends some. Thus the journalism magazine *Content*, lacking advertising and financial aid, had to curtail the number of issues it published in 1980 and finally suspended publication in April, 1981.

Because of its subject matter, the magazine made an important contribution to the profession. There were articles on the media and the law, freedom of information, an evaluation of journalism schools, international coverage, and technology. *Content* also dealt with cases of deliberately slanted and truncated news, encouraged journalistic research, and, on occasion, took the large newspaper companies to task. In short, it served as a stimulus and a goad to an industry that often has need of exactly that. Another publication that played an important role was the *Carleton Journalism Review*. Inserted four times a year in *Content*, it served as a forum for debate and analysis of the major currents and trends in the press.

On the French-language side, apart from rare initiatives and many good intentions, it must be said that unfortunately hardly anything of substance has been undertaken for the professional development of working journalists. ¹⁴ The old practice of learning "on the job" continues to prevail in the newsrooms. Newspapers say they have neither the time nor the means to round out the professional development of their editorial staff. Thus they hire only those who are already trained and experienced; as long as the journalists produce copy, they are left to shift for themselves. Several factors account for this situation. The higher level of education of journalists has put an end to the initiation that was once imposed on cub reporters who often had everything to learn and the humility needed to become apprentices. The editor-in-chief of *Le Devoir*, Michel Roy, is not alone in regretting the fact that such "coaching" no longer exists. The growth of unions has had the effect of reducing the probation period and of gradually building legalistic ramparts around journalists' copy, in which the editors cannot change a comma without an epic struggle. This was, indeed, one of the major issues that touched off the strike at *Le Devoir* in 1981.

In the past few years, however, certain ideas have sprouted in the desert. La Presse agreed to pay the equivalent of a year's salary to journalists who decided to go back to school or to take professional development courses. In effect for four years now, this plan does not seem to have had much success. It has been used only to 50 per cent capacity and not all of the journalists who have taken advantage of it have done so with a real plan for professional improvement. Then again, some collective agreements provide for time off without pay for study, to write a book, etc. Finally, there are also possibilities of study abroad under programs sponsored by l'Office franco-québécois pour la Jeunesse (Franco-Québec Youth Office) and other international organizations. One of the most effective of these appears to be the "Journalists in Europe" program offered by the Centre international de formation des journalistes (International Centre for Education in Journalism) in Paris to bilingual journalists (English, French, German). It is an eight-month introductory program in European affairs. A number of Québec journalists from both print and electronic media have taken advantage of it every year since 1974. But there has been no great rush to obtain these grants. The program "Journalists in Europe" is also offered to English-speaking Canadian journalists, but they have made even less use of it than their francophone colleagues.

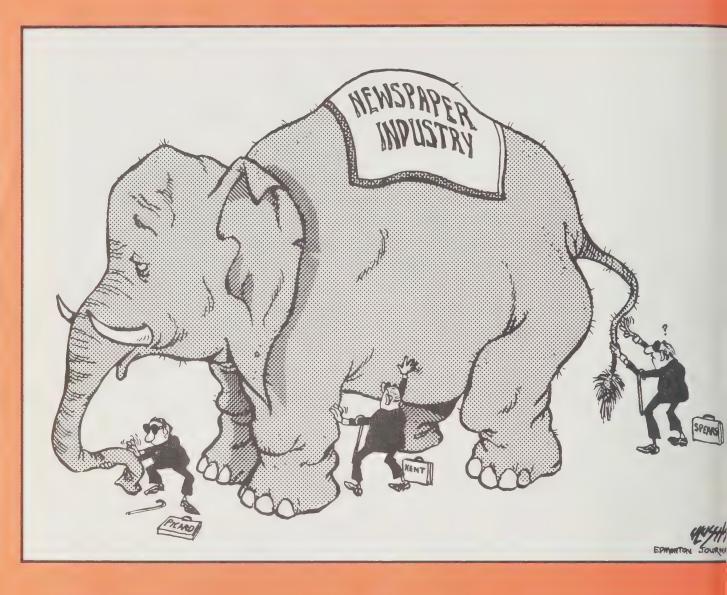
La Fédération professionnelle des journalistes du Québec (FPJQ) has only recently begun to concern itself with professional development. This concern was reflected in the 1980 annual meeting which centred on conditions surrounding the practice of the trade. Serious concern over the state of journalism appears also in Le

"30", a monthly magazine published by the federation for its members. In addition, the FPJQ was active in setting up the Centre for Investigative Journalism and a Québec centre for research and professional development. This latter organization, which was proposed by the heads of journalism programs in three French-language universities, is designed to combine the resources of all interested parties so that professional development for Québec journalists can take wing. The exact program remains to be defined, but it is the great hope of the moment. Thus the idea of professional development is spreading in Québec and perhaps, if everyone does his part, it will bring important results in the years to come.

In conclusion, it can be said that the 1970s were years when some progress was made in the area of improving the quality of journalism in Canada. Some press councils and ombudsman services were set up, schools of journalism were opened in regions that had none, and professional development programs undertaken by companies or professional organizations got off to a healthy, albeit a slow, start. Even taking into account the numerous gaps and deficiencies that need correction, and the often glaring inequalities in development from region to region and from province to province, the fact remains that concern for quality has intensified over the past 10 years and this concern is here to stay. The way has thus been paved to make the 1980s a period of even greater sensitivity — on the part of the industry and the profession — to the quality of journalism in this country. The future of our press depends on it.

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Edd Uluschak, Edmonton

10 Performance

UR examination of the business and editorial performance of the newspaper industry confirms that the newspaper has two roles, two functions, two imperatives, which are somewhat awkwardly yoked together in the operation of one enterprise. The first and pre-eminent of these is a public-service mission; a free and vigorous press is universally recognized as being vital to the proper functioning of an open, democratic society. This lays a clear duty on the owners of the newspapers, a duty to ensure that their readers are fully and fairly informed about the condition of the society in which they live. The publishers of Canada have formally accepted this obligation. It is enshrined in a Statement of Principles, unanimously adopted in 1977 by the Canadian Daily Newspaper Publishers Association, which we wholeheartedly endorse. We accept it as a gauge by which to assess their performance.

Walter Lippmann, the dean of American newspaper columnists, gave eloquent expression to the sense of mission:

The news of the day as it reaches the newspaper office is an incredible medley of fact, propaganda, rumor, suspicion, clues, hopes, and fears, and the task of selecting and ordering that news is one of the truly sacred and priestly offices in a democracy....The power to determine each day what shall seem important and what shall be neglected is a power unlike any that has been exercised since the Pope lost his hold on the secular mind.²

Despite television, despite radio, despite magazines and all the myriad forms of periodical print, newspapers remain the primary instrument for the immediate collection, organization, and dissemination of news and opinion to the public at large. Taken together, the CDNPA and Lippmann statements define the social purpose of the industry.

The newspaper's second imperative, uneasily but inextricably linked to the first, is more mundane and less inspiring: it is commercial. If the newspaper does not succeed as a business in the capitalist system, providing some reasonable return to its shareholders, it will not have the resources to carry out the primary role society assigns to it. This is what Kenneth Thomson, the chairman of Thomson Newspapers

Limited, was saying when he told the Commission: "It has often been said that the first responsibility is to survive. To survive, you must make a profit. If a newspaper does not survive, its other responsibilities become irrelevant." The heads of other chains spoke in the same vein, as reported in Chapter 2.

No profits, no newspaper; that harsh truth was driven home with dramatic finality by the events of August, 1980.

Survival is not a lofty goal, an aspiration to lift the spirit of the journalist; but most of those who spoke to us recognized a genuine dichotomy of purposes. It poses the central dilemma with which the Commission had to concern itself. In the jargon of business, some trade-offs must be made. The operative question is what compromises can be tolerated between the ideal and the possible: how well can the newspapers afford, from their operation as a business, to fulfill their stated purpose of service to the public?

The short answer is that, as has been documented earlier in this Report, they can afford to do quite a lot. The newspaper industry is, by a considerable margin, more profitable than the steel industry, or the manufacturing sector as a whole, or the retailing and service industries. Despite some recent setbacks, which are common throughout the economy, it is more profitable than it was a decade ago — when the Special Senate Committee on Mass Media (the Davey Committee) suggested that the word "rip-off" might be appropriate.

The Davey Committee calculated after-tax profits as a percentage of total equity. In this Report we have chosen to use the measure of return on net assets employed. For purposes of comparison, however, our accountants have converted the Davey figures by a method which, while not exact, gives a reliable approximation. The result indicates that in the 10 years from 1958 to 1967, the industry's return on net assets employed ranged from 22.9 per cent to 30.5 per cent. The average over the period was 26 per cent.

Our own compilation, made from the detailed records of 103 newspapers, covers the years from 1974 to 1980. In that period, return on net assets employed ranged from 27.4 per cent to 39.7 per cent. The average was 33.4 per cent — a healthy gain from the earlier period.

Aggregate statistics may be illuminated by example. While individual newspaper records were obtained on a basis of confidentiality, some results are a matter of public record. When Thomson Newspapers Limited held its annual meeting on May 21, 1981, the directors announced a quarterly dividend of 20 cents per share. The Thomson-owned *Globe and Mail* reported that Kenneth Thomson himself controls about 35 million shares, which translates as a three-month benefit of \$7 million.

It may be noted in passing that Thomson Newspapers is the most conspicuously profitable newspaper enterprise in Canada, but in 1980 its rate of spending on the news and editorial content of its Canadian newspapers, as a proportion of total revenue, was 24 per cent below the average for the industry. This says something about the cost-efficiency for which the company is noted. It also suggests that the profit motive, as opposed to the editorial service motive, ranks higher in the priority scale of the Thomson organization than among its newspaper colleagues. (They cannot be called its competitors, as Thomson scrupulously avoids competition.)

Whether this choice of emphasis is an automatic result of concentrated ownership or conglomerate ownership, or could equally occur in a single newspaper owned by one proprietor, is irrelevant to this discussion. The significance in the Thomson case is that a corporate policy decision determines the conduct of 40 Canadian newspapers, not just of one.

The fact does, however, appear to confirm the analysis given to the Commission by Professor Henry Mintzberg of McGill University, an internationally recognized authority on corporate structures and corporate management. Mintzberg holds that a divisional organization, of which Thomson is the prime but not the only example in the Canadian newspaper field, has inherent pressures that make it difficult for the organization to behave in a socially responsible way.

And social responsibility is our subject here. In this chapter we seek to appraise the social performance of an industry that is, as Gordon Fisher of Southam told us, "not just a business" but "part of the democratic process". Every business enterprise has a social responsibility, but in most the obligation is to individuals as customers. A business that deals in information and opinion, with fundamental effects on the way society regards itself, is a business like no other.

We are of course dealing with imponderables and our appraisal is necessarily to some extent subjective, but wherever possible we attempt to test the subjective assessments against objective standards. The test cannot be perfect; journalism is more art than science, not subject to empirical analysis. Budget figures are not a gauge of journalistic quality. They are, however, a measurable index of dedication to the social purpose.

We take due account also of the collective wisdom of others. In four months of public hearings, ranging the country from Victoria to Halifax, the Commission heard informed views of the present state of the newspaper industry and what might be done to improve it. We have studied the experience of other countries, and an extensive research program has provided facts from which to draw conclusions. This chapter attempts to appraise what has been learned. It is not a report card on individual newspapers; our sample, while wide-ranging, was not sufficient for a report in detail on the more than 100 newspapers, in two languages, that comprise the industry today. Rather, it contains some broad conclusions about the strengths and weaknesses of newspaper journalism as practised within the present institutional framework.

In almost every technical aspect, by which we mean in the tricks of technique applied to marketing the news as a commodity, today's newspapers are better than those of a decade ago. They are better produced, more attractively packaged, better organized as to content, more skilfully written, easier to read, more efficient at doing what they set out to do.

Concurrently with the technical improvements, however, some less welcome developments appear. The untidy, paper-strewn newsroom has been replaced by a computerized electronic workshop which does away with the old-style composing room and stereotype shop. This brings enormous savings in manpower and operating cost; but the new "efficiency" is accompanied by a loss of timeliness which the newspaper can ill afford. If the paper is to reach the street on time, news deadlines must be advanced; today's newspaper contains mainly yesterday's news. And there are fewer editions to update the news through the day. An editor who has left the business remarked to us sadly: "Newspapers, as far as I know, are the only form of communications that have actually gone backward, in defiance of the advances of tech-

nology."⁵ The effect is felt particularly in afternoon publications, which no longer bring the closing stock-market reports or Question Period in the House of Commons. This is one, though only one, reason for the fact that throughout North America, afternoon papers are losing ground to the "mornings".

One paper that has chosen to fight the trend is Le Soleil of Québec, which does put out a late edition and tries to emphasize its "today" advantage. But as its publisher told us, "Maybe we made a mistake, maybe we're going against the stream."6

Mechanical processes aside, the honing of skills in the tricks of the trade leads to a result of another kind: homogenization of the product. In writing style, presentation, and display, newspapers become more alike, less individual, less distinctive. This is true within newspapers, where writing and treatment are pressed into a common mold; and it is true in the chains, where successful formulas are repeated through the units. A Thomson newspaper is distinguishable from a member of the Southam group. If there is genuine improvement in craftsmanship, it may be captious to complain; but perhaps a sigh can be permitted for the sacrifice of personality.

Editorial concentration

There is another and more worrisome form of homogenization — more worrisome because it occurs precisely in the area of our principal concern: the reporting and interpretation of public affairs at every level beyond the purely local. It can be traced in large measure to the concentration of newspaper ownership; in fact, it might be described as editorial concentration.

Let it be said that Canada is fortunate in having a corps of reporters and commentators on public affairs who serve their readers well. Christopher Young, Richard Gwyn, Lysiane Gagnon, Geoffrey Stevens, Douglas Fisher, Dominique Clift, Don Braid, and Norman Webster are a few who come to mind — though even of this group, two have recently moved into administrative positions. But there are not enough of them, and the number grows smaller. There are almost no nationally syndicated columnists offering a diversity of comment to readers across the country. Half a dozen of the nation's ablest reporters were abruptly removed from the arena when the FP News Service was eliminated after Thomson Newspapers took over the FP group. Most of these fine journalists were lost to the newspapers entirely; as Southam columnist Allan Fotheringham pointed out, they moved into broadcasting, magazines, and other fields of endeavor.

The spectrum of news and commentary, both regionally and nationally, is diminished. As one of our research reports put it, "Concentration of ownership has reduced the diversity of perspectives coming out of federal and provincial press galleries. . . Monopoly newspapers in Canada have taken few steps to counter the loss of diversity created by the death of their competitors."

The composition of the press galleries has changed in important ways. There is a decline in the number of individual newspapers using their own writers, and increased reliance on group news services. In Ottawa, the absence of reporters from outside Central Canada is marked. But as the representation of newspapers drops, that of the broadcasters grows; since 1975, the largest contingent has been that of the CBC, and it contains more specially qualified reporters.

All this makes the newspapers increasingly dependent on the coverage provided by The Canadian Press, whose Ottawa bureau has expanded correspondingly. But good as the CP service is, it is necessarily produced from a central perspective and cannot be expected fully to reflect regional interests and concerns. It still has only three French-language writers in a total Ottawa staff of 30. To quote again from the report cited above:

Concentration of ownership is clearly the major factor underlying the long-term trend to group services and away from single correspondents assigned to interpret federal politics to local and regional audiences. While this trend may result in a greater similarity in Ottawa coverage across Canada, it may not contribute to national cohesion. Coverage that seems remote from local concerns is likely to have little impact.

This is bad news.

A deteriorating situation also exists with respect to coverage of public affairs in the international setting. If a prime function of the press is to describe the nation to itself, that function is not confined to looking inward. Canada is not only an American nation but a Pacific nation, an Atlantic nation, an Arctic nation. It is part of a shrinking world and can only understand itself fully, can only appreciate its identity, in the world context. Yet our newspapers remain parochial.

In the same way that the parts of Canada lose something of value by the absence of regional perspectives in Ottawa, Canada suffers from a lack of Canadian perspectives on international affairs. We have already noted, and criticized, the steady reduction in Canadian Press coverage from abroad; we believe there is an urgent need for informed reporting by Canadians for Canadians. But CP's failure in

this respect is the failure of the newspaper owners; CP is their creature.

The owners have demonstrated their lack of interest more directly. Canada's corps of foreign correspondents representing individual newspapers has never been large — tiny by comparison with those from any comparable country — and it is growing smaller. In recent years, bureaus have been closed in Asia, South America, and Africa; in Moscow, Rome, and Paris. These have not been balanced by one or two new postings. Southam maintains its group service, but no newspaper in Québec, and almost none in the rest of Canada, has a staff writer working in Europe. During decades in which the Middle East has been a continuing source of world tensions, there has not been one resident staff correspondent for Canadian newspapers in that part of the world. The deficiencies are partly made up by a few freelancers abroad; but they are working on their own initiative, not that of the newspaper proprietors.

The public has a right to be concerned about this negligent attitude; adequate information on world affairs is neither a luxury nor a frill. Professor John Sigler of Carleton University told us in all seriousness that "we are falling far short of our ability to adequately scan our environments for the kind of responses that will be

necessary if we are to adapt for human survival in this century."8

Those responses, if they are to be intelligent, must be based on knowledge and understanding. On this point, Sigler conceded what many research studies have shown: that for coverage of international affairs, most people rely primarily on television and only secondarily on newspapers. But he added that this finding says nothing about the quality of information gained and how well it is retained. A series of nation-wide studies in the United States shed some interesting light on this.9 "When the results were done," Sigler said, "those who score well are those who are high consumers of the press, not of television and of radio. So it appears that on the level of acquisition of knowledge, the print media bear a particular responsibility." 10

The standard response of the publishers, expressed by Margaret Hamilton, president of Thomson Newspapers, and by Martin Goodman as president of both Canadian Press and the Toronto *Star*, is that readers are content with what they get. "Show us the outcry," said Goodman. It The publishers may not hear it, but others do. Opinion polls are used to make both sides of the case. Sigler cited a study made for the Department of External Affairs in which 87 per cent of respondents said they wanted more information on world affairs. The subjects they named most often were protection of oceans and fisheries, trade and tariff negotiations, United Nations peacekeeping, armaments reduction, collective security, foreign aid, and human rights in other countries.

"These are particularly Canadian items on the agenda, reflecting the Canadian public's interest," Sigler added; "and they are not necessarily going to be well reflected in a total reliance on the non-Canadian international wire services and others." 12

The need for competence

If we rely principally on the press to "scan our environments", the need for special competence in journalism is felt in almost every aspect of daily life. And as the processes of science, technology, economics, government, and social development become more complex, the need to make them widely intelligible becomes more pressing. We do not depend on the press to keep us abreast in our personal fields of expertise, but it is our primary source of information about the specialties with which we are less familiar. If the press is to succeed in this job, it must employ people with special knowledge and the ability to communicate it to the layman. In no other way do we get a society capable of making informed choices.

We see little evidence that the newspapers have recognized their developing responsibility here; certainly they show scant success in dealing with it. In all areas of public policy, the strength of popular journalism is its ability to seize on issues that can be dramatized in emotional "human interest" terms, as for example the plight of an immigrant mother facing deportation. Its weakness lies in grappling with the intricate balance of considerations involved in immigration policy. Dramatic events and the clash of conflict are simple to report. To sort out complexities in a way that compels the attention of ordinary readers takes time, study, thought, understanding, a special kind of skill — and money.

Relatively few specialists — individuals with academic or professional qualifications in law, the physical sciences, sociology, and so on — are employed by Canadian newspapers. One reason is simply that the newspapers are unwilling to pay for this kind of competence. It is notorious, and widely acknowledged within the trade itself, that one of the weakest areas of journalistic coverage is that of business, finance, and economics. Yet a trained economist can command a much better salary in industry or government than in journalism. And when such a paragon is developed by a newspaper, he is likely to be lured away. A senior public official told the Commission he is embarrassed by the ease with which established journalists with national reputations can be attracted into government by higher pay; he considered it almost a scandal. We heard story after story of individual cases.

Specialization is discouraged, as well, by a lingering romantic tradition of journalism, more persistent in their bosses than among journalists themselves. This is

that the ideal reporter is a generalist, a universal man, equipped to deal competently with any subject under the sun. Assigned to write about some complex issue on which he has no background, he can brief himself by some quick research in the library files, interview half a dozen experts by telephone, strip away the tedious non-essentials, introduce some human color, and get to the heart of the matter in a terse report containing no sentence longer than 12 words.

A somewhat similar notion operates against the development of a specialty by reporters with no initial qualifications. There are one or two exceptions. A good police reporter is apt to retain the post, earning and keeping the trust of his police contacts. The medical reporter also has some prospect of permanence. He — or, for some reason, more often she — is allowed time and freedom to acquire some basic familiarity with the subject and to gain the confidence of a wary profession by care-

ful, accurate reporting.

But more often, even where the beat system exists, beats are shifted regularly and a reporter who has become familiar with one field of coverage is transferred to another. The theory is that he goes stale after too long on one beat, or even that he may be seduced into becoming a spokesman for a special interest rather than a tough, impartial observer. As one managing editor rather curiously put it: "You can get too close to a subject." If that thinking had been applied 25 years ago to Wilfred List of the *Globe and Mail*, Canada would have lost a superlative reporter on one of the most difficult of all beats: that of labor relations.

What is lost by the rotation system is a degree of authoritativeness in the total news report; if its parts are produced by writers who are less than fully informed, the

whole is not as credible as it might be.

There is another role for the specialist-journalist. The Davey Committee adopted one simple criterion for assessing the performance of a newspaper: how well does it succeed in preparing its readers for social change? This was not to suggest an activist stance in the promotion of radical approaches; it was recognition of the truism that we live in a period of unprecedented transformations, that sudden change affecting individual lives brings social dislocation, and that the press can serve to cushion the bumps by acting as an early warning system.

Trend-spotting has long been recognized as a function of the press. It becomes steadily more crucial, but newspapers have not been conspicuously successful at it. They were slow, for example, to detect the approaching cloud of environmental degradation. More than 20 years ago, *Maclean's* magazine published a prescient series of articles on the threatened pollution of earth, air, and water; it was greeted with incredulity and the newspapers did not take up the subject until the process was even further advanced. They have been equally slow to recognize the implications, both social and economic, of an aging population. Even in an area that vitally touches their own interests — the marriage of computers and telecommunications — the news reporting has a faint air of science fiction. It has been left to governments and some far-sighted entrepreneurs to appreciate that a new information revolution is under way.

This is where the specialists might come in. Given time and facilities to pursue their particular interests, they could help in alerting the public to the shape of things

to come.

Only time and resources seem to be lacking; the desire is there among journalists. We were given an example of the problem by a reporter in the Ottawa bureau of

Canadian Press, which gives its writers particular areas of responsibility among government departments. He said:

Those of us who are beat reporters double, triple, quadruple, or more on our beats. And so, in my case, I do housing, I do health, I do medicine, I do pensions, I do welfare, I do some federal-provincial financial transfer arrangements, I get involved in the mortgage field. And I think almost any one of those areas could be a single beat. But as it happens, I am doing them all. And so I look around me, and I could give you a long list of stories that have gone unreported because we just don't have the time. 13

The situation is, of course, the same in most newspaper offices, and it clearly falls short of the ideal. The ideal is not often achieved, and we arrive back at the original question of the compromises to be made between cost and quality. On this we make some recommendations later in the Report.

After the shakeout

If quality depended solely on the journalists, it might be higher. Not inevitably so; it would be naive to regard the journalists as a race of paragons who can do no wrong, make no mistakes of judgment. They are as humanly fallible as their employers and have not the same overall responsibility for the success of the enterprise as a commercial operation. But as a group they are eager to raise their own standard of performance and, rightly or wrongly, they perceive themselves as being stifled by the unwillingness of proprietors to pay the cost. The feeling is natural enough and is far from new; but it reached a peak (or, perhaps more properly, a depth) of intensity after the dramatic shakeout that occurred in August of 1980, a shakeout that was justified on purely economic grounds.

Researchers for the Commission criss-crossed the country, recording the views of journalists on dozens of newspapers and checking their statements against those of editors and employers. They found that the sudden death of the Montréal *Star*, the subsequent simultaneous executions of the Ottawa *Journal* and the Winnipeg *Tribune*, the concurrent deals between the major chains in Vancouver and Montréal, and the merger of the two papers in Victoria, had plunged many newspaper staffs into a state of disillusionment bordering on despair. The heart had gone out of them. The sense that they were engaged in a mission of fundamental social importance, as members of a team supported by their proprietors, was gone.

The immediate impact, predictably, was felt among those who were suddenly thrown out of work; but the malaise went much beyond that. Here are some individual comments, representative of many, taken from one research report.¹⁴

A senior reporter: "I went to lunch, then to an interview, came back around 3:30 and said, 'What's up?'... So help me God, there was a note on the board and I was out of a job. I'll never forget the shock of the brutal way they did it."

A reporter on a surviving paper: "I feel threatened. I am standing on a very narrow ledge, and you can bet I'm not going to thresh around very much. . . . It may be that my nervousness is my own invention, that I'm perfectly secure. I can only tell you that I'm not doing as good work as I used to do, and that I have lost my edge."

A reporter who found work in another city: "I came here with the feeling that I was a failure. It doesn't make any sense, but when a paper goes out from under you,

you have this feeling that you are somehow to blame. So if you want to know what the impact of a decline in competition is on the journalist, for the guy who loses his job, it's pretty straightforward. You are shattered. You lose your self-esteem. That undermines your confidence and you begin to pull back."

A reporter who moved into public relations: "I'm a hack. The death of my paper made journalists into hacks. Period." Similarly another: "I am doing a job I

hate. . . . I'm making good money, but I sure don't feel good about myself."

A reporter now in a government office: "That's all there is left for me. There are no new jobs in journalism and I've been through most of the old ones. This is the future. Finis. I've held key jobs on some of the best newspapers in the country. I know my trade and I thought I was pretty good at it. Now I'm writing letters for a minister that will never even leave his office and I'm grateful - grateful, goddammit - for the job."

Finally, a respected writer who also moved into government: "The collapse. . . opened my eyes. I had had this idealistic view of what journalism was all about, and I certainly thought it superior to the sort of thing I'm doing now. But just about everyone I know who was affected by the closing says, 'I will never feel the same about journalism again.' Suddenly you realize it is run just like any other business. You are just another cog in a soap factory. You are diminished."

Diminished. It was a common theme and, most significantly, it was not confined to the cities in which newspapers died. It ran through the newsrooms of the nation and pervaded the comments volunteered by workers in magazines and broadcasting. The Davey Report, in a memorable phrase, described most newspaper city rooms as "boneyards of broken dreams". Suddenly, the boneyard had expanded to the proportions of Ezekiel's valley of dry bones.

The disenchantment is more notable because the trend in journalism has been in the direction of accepting the business imperative. New recruits in the 1960s were infected by the rebellious, anti-establishment ferment of the time. They were members of the Committed Generation, impatient reformists inclined to advocacy journalism and scornful of the profit motive. They were succeeded in the 1970s by a group of relative conformists, no less dedicated to quality but more interested in fairness and balance and more ready to pursue quality within the confines of the system. Their faith in the system has now been impaired, with a consequent weakening of their motivation.

This is to some extent less true of journalism in Québec than in the rest of Canada. Québec's own socio-political transformation is both more recent and more continuous; the journalists have been and are deeply engaged in it, and the practice of French-language journalism differs in a number of respects from the norms of English-speaking Canada. These differences have been discussed in Chapter 6.

Market-survey journalism

In any field of endeavor there are inevitable tensions, not necessarily unhealthy, between an employer and those employed. They see the role of the enterprise from quite different perspectives. The tensions exist in the newspaper industry in a special way because, as we believe has been made sufficiently evident, the newspaper is a business unlike others. Its two central purposes, to earn a profit and to perform a public service, tug it in opposite directions.

The tensions in a newspaper are not only between proprietors and journalists but between editors and writers. The writer, particularly the writer with a beat or a specialty, has a bias toward more space and prominence for the subjects that absorb his time and effort. The editor, seeking to balance all the special interests, succeeds in satisfying none. But in general it can be said that there is a journalistic consensus that does not always coincide with the proprietorial view of priorities.

One of the areas in which we found a recurring thread of disagreement, or at least of difference in emphasis, was what some journalists disparagingly called "market-survey journalism" — the practice of testing the market by polling readers. The journalists, especially younger journalists, had a dyspeptic view of it. This came up, among other places, in a Montréal hearing when two reporters discussed frustrations in the newsroom. Their statement on behalf of the Montréal Newspaper Guild said in part: "Journalists have little faith that managers and owners have any deep and long-term commitment to developing talent. Thus, they have little faith that managers and owners have any real interest in serving the public with new and interesting ways of writing and presenting news." 15

Under questioning, one of the reporters went on to spell out some frustrations: "It's the depth that is asked of a reporter. . . . I think this is true of a great deal of the kind of reporting that mass newspapers do: simply that they don't want to, or they don't have, or they say they don't have, the money to create the kind of resources to give the public the depth of discussion it deserves. I think, too often, newspapers use the excuse that the public doesn't want it, or isn't interested in it, and that our marketing surveys show this and this and this. And it's very frustrating for a journalist to find out that his career is run partially by marketing surveys. . . . I have been told to think in terms of consumerism, think of consumer stories. And the implication you get constantly is that you are always reacting to a perceived idea of what the public wants to read. And it's a perceived idea done, I understand, through market surveys." 16

The suspicion that newspapers follow rather than lead public taste, thus neglecting their undoubted power to influence the intellectual tone of the community, runs deep. Eric Wells, a former editor of the Winnipeg *Tribune*, referred to the product as "Pablum Canada". 17 How much justice resides in the charge is difficult to determine, but there is some. Sophisticated editors use readership surveys warily, realizing that while the method indicates reactions to what has already been done, it offers few leads toward innovation and fresh thinking.

Readers look to newspapers to tell them what is important. They are met by newspapers conducting market research so that readers will tell *them* what is important. Editing-by-survey creates a closed feedback loop in which editors, reporters, readers, and advertisers all hold hands in an inward-looking circle. The search is for readers' psyches, not for the news.

And indeed, the surveys are influential. A large-scale study of 12 U.S. and Canadian newspaper markets, done in 1979 for the American Society of Newspaper Editors as part of the Newspaper Readership Project, had a powerful impact on the press of the continent. It warned the editors that while "hard" news is still a mainstay of the newspaper, the papers were losing touch with their readers by being too impersonal and too concerned with complex issues. It described a new "focus on self" among readers of all ages: "The emphasis is subtly shifting from the earlier goal of self-improvement to self-fulfilment, to getting ahead, to gratifying one's immediate

desires and needs. In newspaper terms, the demand is for more help in handling emotional problems, understanding others, feeling good and eating well, having fun, and generally fulfilling oneself." The study defined, in market-survey terms, what Tom Wolfe had earlier identified as "the Me Generation". It advised the newspapers to enter into "a new social contract" with their readers. The effect was a general acceleration of a journalistic trend already evident: a trend toward more "lifestyle" reporting, trivialization of news, and in extreme cases to what has been dubbed disco-journalism.

Market surveys help to determine what kinds of new newspapers will be launched. The establishment of the Toronto Sun, and of similar tabloid newspapers in Montréal and Québec, was preceded by studies to find out what might be attractive to both readers and advertisers. As this Report was written, Southam Inc. had apparently decided, after a task-force study of the market, not to start a third paper in Vancouver. It also would have been a tabloid.

This is not to suggest any elitist bias against tabloid-style journalism, which is usually characterized by brisk and breezy news treatment, emphasis on sports and entertainment, a diversity of colorful opinion columns, and a generally irreverent tone. The highly successful tabloids that have appeared in the past decade occupy a legitimate place in the journalistic spectrum. They have brought competition to some cities where none existed, and they have attracted a host of new readers for whom the traditional newspapers had lost their appeal. They do not, however, nor do they pretend to, provide a truly comprehensive news report accompanied by authoritative analysis and comment. We would not do much to encourage the development of pop tabloids nor, in fact, do they seem to require assistance. We believe there is a need, in the public interest, to preserve the more serious kind of journalism in good health.

Two roads to quality

Two principal ways of achieving this end lie very largely in the hands of the industry itself. They are to improve the level of pay and the level of training of the journalist.

Salaries are not quite as badly out of line as they were a dozen years ago, when the Davey Committee found them shockingly inadequate; but they still suffer by comparison. We have seen already that senior journalists with established reputations can move easily into business or government at higher pay. It is the same at the beginner stage: young people must make sacrifices to enter a career in journalism. The bright university graduate can do better financially by going into a bank, into almost any branch of industry, or into teaching. The disparities continue through the middle ranks. Newspapers profit by their workers' personal dedication to journalism.

The proprietors behave also as if they had no direct stake in the training of their staffs. There is a certain amount of in-house, nuts-and-bolts attention to technical development: effective news writing, copy editing, composition of headlines, photo handling, layout. It is sporadic and far from general in any formal, organized way. This is particularly true in Québec. The two dominant English-language chains follow different courses. Southam leaves the matter largely to its individual newspapers. Thomson has a kit of training materials, not evidently much used, and one or two head-office consultants who give assistance to the member papers. This assistance, according to Thomson and despite some indications to the contrary, is not imposed but is available on request. Whichever is the case, the process tends to result in uni-

formity of news treatment throughout the chain. (Even Canadian Press is a contributor to this homogenizing process: a staffer in the Toronto office told us that one man's shift each evening is devoted to condensing a comprehensive news file into the capsulized news-in-brief columns that are a Thomson staple.)

The Canadian Daily Newspaper Publishers Association, after being chided by the Davey Committee for concerning itself solely with advertising and production, established an editorial division whose purpose is to raise editorial quality. It has worked energetically, and with considerable success, to organize seminars and workshops across the country, not merely on the practical skills but also on broader professional and ethical aspects of the craft.

It must be said, however, that all this adds up to little more than tokenism. The newspapers have shown little general commitment to the low-cost CDNPA programs. The seminars are almost never attended by Thomson journalists. Newspapers in Québec do even less about on-the-job training than those in English-speaking Canada. There is nothing in Canada remotely resembling the British system of concentrated training — financed and managed by the industry — which produces a body of highly proficient craftsmen. The operative rule in Canada is still embodied in the old saw: what makes a good reporter is a good city editor.

Nor has the industry shown much interest in the development of journalism schools on the U.S. model, as integrated centres of both research and training. We have little criticism of the journalism schools that exist. They are increasing in number and effectiveness; they are at last being established in all the regions of Canada; and they are developing on lines we can only approve. That is, they are tending toward an emphasis on full academic disciplines in the undergraduate years, and strong postgraduate programs directed to basic precepts of journalism as a profession.

Not that they are uniform in character, nor should they be. Some junior colleges offer essential basic training for careers in small-town or community journalism. Some institutions give special attention to broadcast news. Some are more alert than others to the new technologies. The Carleton University school takes advantage of its Ottawa situation to concentrate on public affairs; and so on. In all, they offer a mix of choices to the aspiring journalist.

Our criticism is rather of the industry that fails to support them. Many newspapers canvass the schools regularly each spring in search of new staff; in too many cases it is their only contact. Many editors and writers give lectures or short courses, or take part in seminars with students; but they do this in their own time as a personal contribution. With a few exceptions, the companies stay aloof. Richard Lunn, director of the Ryerson Polytechnical Institute journalism program, contrasted this attitude sharply with that of other industries that make direct contributions of money and other resources to the institutions that provide their future workers.

Lunn also made an unflattering comparison of Canadian to U.S. attitudes. He said the largest American newspaper chain, Gannett, had recently acquired a bill-board company in Canada, as a result of which Ryerson was able to apply to it for scholarship money. "This week," he said, "they gave us \$8,500 for a particular project. . . .I find it very ironic. We'll take the money from Gannett if we can get it. I'd rather that it came from Thomson or Southam but the likelihood is so remote, it's not — you know, I don't bother." 19

The faith of the people

Sheer self-interest would appear to dictate more attention by the proprietors to professional development of their journalistic staffs. Nothing could be better calculated to improve the authoritativeness of reporting and the credibility of the press. The industry is fond of citing opinion polls which indicate general satisfaction with newspapers as they are. Reliance on the polls may be illusory; there are contrary indications as well. The Commission, for example, compiled a list of the suggestions it received for raising the standards of performance. The list of recommendations, summarized in a few lines each, runs to 104 typewritten pages. That is not the response of a wholly contented readership.

And if one thing became apparent from the studies made by the Commission, it was that the newspapers must somehow become more accountable to their readers if they are to stem the acknowledged erosion of credibility and public esteem. Their very freedom may depend on it, as Alexander Hamilton wrote in the *Federalist* in 1788:

What is the liberty of the press? Who can give it any definition which does not leave the utmost latitude for evasion? I hold it to be impracticable and from this I infer that its security — whatever fine declarations may be inserted in any constitution respecting it — must altogether depend on public opinion and the general spirit of the people and of the government.

It was a warning that if faith in the integrity of the press is lost, no words on paper will preserve it.

It is notorious that the press, which assumes a licence to criticize every other institution, is the least open of any to criticism of its own performance. It controls the principal channel through which criticism can be expressed and heard. It is singularly reluctant not only to accept criticism and acknowledge error, but even to justify its own conduct when it believes itself to be in the right.

Some halting steps have been taken in response to public dissatisfaction. Most newspapers now make some formal correction when demonstrable errors of fact occur. They do it somewhat grudgingly. Corrections may be published inconspicuously or, as in the case of Canadian Press "correctives", buried in the body of a news item that appears as an updating of the original story, under the guise of a "fresh development".

In the more debatable grey areas where basic facts are not in dispute but questions of fairness, impartiality, completeness, and balance are involved, the debate is invariably won by the newspaper. The editor is his own judge and jury in the case; the verdict is that no reparation is required; the result is silence on the matter, and the reader who believes himself injured is left with no recourse.

One promising development in this respect is the formation of press councils as an unofficial court of appeal, with no power to impose penalties except that of publicity for their adjudications. Three province-wide councils exist, in Québec, Ontario, and Alberta. Each operates by a different set of rules; they are described earlier in this Report, and we will have more to say about them later. But essentially they involve a high degree of public participation, to ensure that decisions about press conduct are arrived at by a disinterested outside court of honor.

The necessity for some such impartial monitor was brought home to the Commission, in part, by a flood of letters from some provinces in which no press council exists. The Commission was seen as an agency which might give a hearing to complaints about individual newspapers of the kind that press councils consider. We could not undertake — indeed, had no mandate to undertake — the kind of careful examination and hearing of the parties that is typically undertaken by a press council. But in this and in other ways, we became aware of specific abuses charged against newspapers during the life of the Commission, with which we were unable to deal and for which no system of possible redress exists. Secure in a sense of professional rectitude, the press too often dismisses any outside scrutiny as unwarranted interference with its freedom. The self-confidence is misplaced; the press is in some peril.

At a quite different level of accountability, one thing the industry has done, under CDNPA leadership, deserves some mention. This is the newspaper-in-education (NIE) program, which encourages the classroom use of newspapers in almost all grades and subject areas, and instructs teachers in how to employ them as course material.

The program is not wholly altruistic; its aim is not only to help children read the newspaper critically and reflectively but also to prepare a future reading public for the daily press. In addition, it helps to implant an understanding of the role of the press in society.

School boards and education ministries have recognized its value, and the program has made gains in the past decade. Six provinces now mention the newspapers in their curriculum guides. In 1972, the CDNPA oversaw 23 workshops for teachers in Canada; this year there will be more than 300. The number of newspapers with full-time co-ordinators grew in six years from two to 17. The service deserves to be expanded still more widely.

Everywhere in chains

Given our terms of reference, we had to address the question whether there is a difference in quality — by which we mean principally the discharge of their public-service role — between newspapers that are members of groups or chains and those under independent ownership. It is inconceivable that group ownership should have no effect at all. But what are the effects? Do chains apply more or less of their resources to the job? What influence do they exert on editorial direction? Are there more, or different, external pressures on the way news and opinion are treated? Is the "marketplace of ideas", on which a free society relies, diminished when a large majority of newspapers and a large preponderance of circulation are controlled in a small number of corporate boardrooms? What happens when concentration increases and competition is reduced?

To get answers, we questioned owners, publishers, editors, journalists, and readers; we examined the extensive literature and studied the experience of other countries; and we commissioned expert research into the economics, management styles, and editorial product of the newspapers, and the relationships among the three. The substance of these is reported elsewhere in this document; here, very briefly, are some patterns that emerged.

All newspaper operators proclaim their acceptance of a public responsibility. Most of them mean it, within their lights and with differing degrees of emphasis on

other motives. Lord Beaverbrook once said that his purpose in owning newspapers was "to make propaganda". Few press lords of that kind remain. The first Lord Thomson said that his newspapers were structures for carrying advertising; he would spend no more on editorial content than was required to support the structure. That view of responsibility also is in decline.

Chain operations produce good newspapers and bad ones. So do independent owners. The effective difference, from the standpoint of the public interest, is that the deficiencies of a single newspaper are confined to one community; when they are spread throughout members of a chain, the effects may be felt across the country. Both situations depend on an accident of ownership, for better or worse; but one is more serious than the other.

A corporation whose holdings are confined to newspapers, or even more widely to communications, is likely to put more emphasis on its public-service function than a business conglomerate with a minor interest in newspapers. Some arguments, chiefly with respect to financial stability, can be made for chain newspapers—though the so-called rationalizations of August, 1980 damaged that argument considerably. For conglomeracy, almost nothing can be said. Industrial conglomerates

produce poor newspapers; it is a law of general application.

Thomson Newspapers Limited, though very big in Canada, is a minute part of an international conglomerate and exhibits the characteristics of the breed. Its small-town monopoly papers are, almost without exception, a lacklustre aggregation of cash-boxes. It is too soon to judge whether the larger, and better, papers acquired from FP will catch the infection. The Sterling chain, an offshoot of the Hollinger-Argus complex, is a smaller version of Thomson. The Irving papers of New Brunswick, stepchildren of another conglomerate, are chiefly noteworthy for their obeisance to every industrial interest.

Southam Inc. is the Canadian exemplar of a media conglomerate with interests in communications only. It is not only our view, but the consensus of informed critics, that it takes its service responsibility more seriously than the mixed industrial conglomerates, being motivated in part by a family tradition that imparts a sense of something like noblesse oblige. Southam is above the industry average, for example, in its investment for editorial product. One could wish that the benefits of this enlightened policy were more evident throughout the chain, and specifically in Southam's Ottawa Citizen, which is now the only English-language newspaper in the

national capital.

Chains are chains in any language, but the character of Québec newspapers, as noted in earlier sections of this Report, is shaped by a different culture and a different kind of market than those of English-speaking Canada. Paradoxically, there is at once more concentration and more competition. The weekly press is stronger; smaller cities do not support daily papers as in the other provinces, and the penetration of the dailies is lower. The mass-circulation papers are clustered in the two principal cities, where the chains compete vigorously with one another. (Competition between English-language chains is at the vanishing point.) Perceptions of role also vary, as is demonstrated by two tabloid chains which are superficially alike. The Péladeau press believes the news should be published straight, with no intrusion of opinion; it carries no editorials. The Sun papers are supercharged with opinion.

A pivotal question about chain ownership is whether it is practised for any reason at all beyond making profits. The proprietors, from Southam to Thomson to Péladeau to Irving, strenuously assert that they leave complete discretion over news

and editorial judgments to their individual publishers and editors. To the extent that this is true, and even if it is a virtue, it leaves no role for the owners except that of running a business and cultivating the bottom line. What, then, of the claim that the newspaper is more than a business? Robert Fulford noted in a Saturday Night article that "the big newspaper corporations take pride in a studied aloofness from editorial policy." He asked: "But in that case, why have an editorial page at all? If the corporate owners aren't expressing their own views on public policy — if they insist, in fact, that they don't want to influence public policy, as the first Lord Thomson insisted — then whose views are being uttered, and why?" ²⁰

Relinquishing policy control to the managers of the local paper, it is argued, ensures the paper's position as the authentic voice of the community. But can that be true in any real sense when those local managers are, as typically happens, parachuted into the community from somewhere else in the chain? Management exerts control in two effective ways: by appointing executives and by setting or approving budgets. Both these decisive functions are performed in the head offices of the chains. Beyond any question, they thus determine the character and orientation of the branch plants.

We return to the question with which we began: whether the newspapers of Canada are in a position to provide a better service than they now do for their readers, for their communities, for the political, economic, social, and intellectual vitality and cohesion of the nation as a whole. The Davey Committee rendered one verdict in 1970:

In a few cases, the corporations concerned are making genuine efforts to deliver quality editorial content. . .in return for their privileged economic position. But the general pattern, we regret to say, is of newspapers. . .that are pulling the maximum out of their communities, and giving back the minimum in return. This is what, in contemporary parlance, is called a rip-off. 21

Could that judgment be sustained today? We believe so. On the evidence before the Commission, the conclusion is inescapable. The privileged economic position of the newspapers, and particularly of the ever-expanding chains and conglomerates that place control of the press in fewer and fewer hands, becomes steadily more pronounced. There is an inexorable march to expansion, achieved in almost all cases not by starting new ventures but by acquisition. Individual newspapers are absorbed into chains, which then become mixed-media conglomerates with a dwindling emphasis on the newspaper components (Southam), or mere units in huge multi-industry conglomerates (Thomson, Power, Hollinger-Argus, Irving). Some independent newspapers (London *Free Press*, Toronto *Star*) take the diversification route and become conglomerates themselves. A dozen years ago, chains controlled 58 per cent of all daily newspaper circulation in Canada. They now have 77 per cent.

At each stage of expansion, concentration, and conglomeration, the figures on the bottom line become more influential as determinants of corporate strategy. The two sources of newspaper revenue are advertisers and readers. In 1970, advertising brought in 73 per cent of gross income, to 27 per cent from circulation.²² By 1980, the ratio was 78 to 22.²³ The pressure to consider the needs of advertisers ahead of the needs of readers may be resisted, but it has become even more powerful.

The process of corporate growth, by concentration into larger groups within the industry, has been accompanied by a reduction in the diversity of news and comment

that is the vital element of a free society. The quality of what remains has not improved, and in some respects has declined. The decline can be traced, at least in some measure, to the normative influence of corporatism, applied to an exercise that is essentially individualistic and intuitive. Innovation, creativity, even a desirable degree of eccentricity give way to the pressures for uniformity.

Can the newspapers afford to do better in their professed pursuit of excellence? They can. This implies no aspersion on the journalists now practising their craft, but only on the system in which they practise it. If they are freed of some restraints that now confine them, something more can be demanded from them. At the close of this Report we propose some measures to that end.

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11 An industry in transition

OURNALISTS always have recognized the ephemeral quality of their work, even gloried in the hectic business of trying to illuminate the human condition by a rapid sequence of news flashes. And even if their brilliant capsules of yesterday's existence were soon used to package today's garbage, the institution of the newspaper endured.

The precarious lives of individual newspapers have testified, until recently, to the durability of the institution. In the halcyon years of the industry, journals flourished and died like fireflies on a warm night. This wasteful, erratic profusion was a sign of vitality. Only for this generation of journalists has the disappearance of newspapers had a terrible finality.

The shock of the 1980 closings and mergers prompted the Commission and everyone who assisted it to take a close look at an industry in transition, if not in the throes of some basic metamorphosis. There was more to be studied than the fate of individual newspapers. Three and a half centuries of existence for newspapers seemed no longer infinite but startlingly short in the history of human communications.

Within this relatively brief span, the newspaper has changed rapidly. In a few sentences, as compressed as time-lapse photography, the British media historian Anthony Smith has described the evolution of the modern newspaper:

It began by addressing itself to citizens wealthy enough to pay a rather large price for a printed newssheet, which brought news of political, financial, and cultural affairs. Then with the invention of newsprint, the amazingly cheap wood pulp paper especially developed for the ephemeral newspaper, it was perceived that great fortunes could be made by publishers who could appeal to the almost universal audience that could now afford the price of a paper. Certain newspapers then became vehicles of mass entertainment, as well as other forms of information, so successfully that their publishers could guarantee advertisers access to nearly every home. \(\)

At its best, the modern competitive newspaper embodied the partisan political fervor and impudence of the original newspheets, the responsibility of a well-funded

professional organization, and sufficient circulation to make it essential to advertisers. Under the guidance of enlightened publishers and forceful editors, newspapers were among the most important community institutions. They shaped as well as reflected their communities. Newspapers that correspond to this ideal now are exceptional. In recent decades, the strength of newspapers has been sapped by changes in the economics of newspaper publishing, the relationship between newspapers and readers, changes of ownership, and alterations in the ways people work and spend their spare time.

Television has had the most drastic effect on the economics of publishing. As the costs of newsprint, ink, and manpower increased, publishers encountered new competition in the mass market that they originally had discovered and exploited. In 1953, only one out of 10 Canadian households had a television set. Now, 98 per cent of households have at least one television set, more than half are connected to cable TV, and more than one out of 10 possess converters to provide a wide variety of channels. The average Canadian views about 191 minutes of TV every day. Next to sleeping, and perhaps at times indistinguishable from it, television is by far our favorite in-home leisure activity.²

Radio, after a confused period in the late 1950s, discovered new roles as an information medium and as a local medium aimed at specific audiences. Many individual stations prospered in competition with television. Even magazines, after a sharp decline in the early years of television, multiplied as publishers found readers with special interests.

Newspapers found it more difficult to adapt. In 1948, enough daily newspapers were published in Canada to provide every household with a copy, and some to spare (1.06 copies to be exact). Now there are enough daily newspapers for little more than 60 per cent of our households. Daily newspapers still account for approximately as much advertising revenue as television and radio combined, but their share of total advertising dollars has declined from 34.5 per cent in 1950 to 26.2 per cent in 1980.3

As more Canadians became accustomed to using electronic media for news and advertising, newspapers explored new services for readers. After their marketing experts divided readers by age, occupation, and region, newspapers tried to reach these specialized audiences with regional editions, and sections and supplements of various kinds. Except in the case of tabloid newspapers in a few large cities, segmenting the market in this fashion failed to sustain many competitive newspapers. In some cases, the bland "disco" journalism of newspapers struggling for relevancy seemed to alienate rather than attract readers. (Disco journalism has been defined by Ottawa journalist Charles Gordon as journalism "for people whose hips move when they read".) The Commission received many letters from people who complained that their local papers no longer published information that was of interest. Some saw themselves as continuing to read newspapers from habit more than interest.

It is hard to foresee any great change in these patterns. A study completed in 1981 by Data Laboratories of Montréal for the Institute for Research on Public Policy forecast a small recovery of market share of advertising for daily newspapers in the next few years, but a flat or downward trend in the long term.⁴

Large daily newspapers have become the dinosaurs of the media, monstrous and vulnerable. The largest often are the least secure, requiring continual increases in

advertising revenue to satisfy their voracious appetites for newsprint and to subsidize their expensive distribution systems. Even relatively small changes in the economic context in which they exist, or interruptions of normal publishing schedules because of internal problems, can be enough to topple these giants. Heirs to a great fighting tradition, they now have been domesticated by even larger corporate giants who employ them as beasts both of burden and of conflict — carriers of huge and profitable cargoes of advertising, and mercenaries to demonstrate the power of the system that sustains them. Newspapers may survive in this role for a long time, but it is difficult to imagine a return of their old vitality.

Changes in proprietors and their concept of the newspaper's mission have given journalists a keen sense of their own vulnerability. Paradoxically, as journalism schools flourished, newspapers were able to become more selective in recruiting, but their criteria were changing. No longer in demand were the abrasive mavericks prized by competitive newspapers. Many journalists inevitably were coming to resemble the technicians of other monopolistic state and corporate bureaucracies and to identify with them, despite the conscious efforts of a minority to maintain the traditions of the radical press in an altered and uncongenial setting.

As the character of journalists has changed, so has the atmosphere of the news-room. Reporters no longer sit at battered Remingtons, whisky on their breath, cigarettes dangling from their lips, intoxicated with their own significance. Copy boys no longer attend them to carry sheets of the latest news from typewriter rollers to screaming editors across the room.

It's all done quietly and electronically now. In air-conditioned newsrooms, the journalists discreetly play *legato* on the keys of computer terminals. They look like airline reservation clerks, perhaps a little less harried.

The internal revolution

Canadian newspapers have undergone a technological revolution during the past decade. The introduction of computers, barely under way when the Davey Committee published its report on mass media in 1970, has changed the appearance and function of the editorial departments, and many other departments, of most newspapers.

This revolutionary change has come perhaps not as dramatically as forecast in the late 1960s but with dazzling speed compared with the previous 60 years. There had been little innovation in the production of newspapers since the introduction of the linotype at the end of the 19th century. The arrival of computers in the 1960s heralded changes even more important than the mechanical improvements of the previous century. This event now is often described as part of an information revolution as significant as the one created by the invention of movable type in the 15th century and the consequent spread of the printed word as a means of mass communication.

The first computers arrived in the composing rooms and business offices of Canadian newspapers in the late 1960s.⁵ In the composing rooms, they were simply added to existing "hot metal" typesetting systems. Capable of hyphenation and creating symmetrical columns of type, they allowed linotype operators to keypunch text onto paper tape about twice as fast as their former speed on linotype machines. Widespread use of computers awaited the development and adoption of photo-com-

position units able to produce "cold type" on film to replace the metal type of the linotype machines. This equipment was developed in the 1960s and widely used in the 1970s. Eventually, the two technologies merged with the design of computerized photo-composition units, making it possible for reporters and editors, in effect, to set type on their computer terminals, with most composing room operations performed by the computer.

Computer terminals began to appear in Canadian newsrooms in the early 1970s. According to a survey undertaken for the Commission, there now are more than 1,200 video display terminals (VDTs) used for inputting and editing text in Canadian daily newspapers. Editors on the copy desks of virtually all Canadian newspapers with daily circulations of more than 40,000 are using VDTs for editing; on all but a few of these newspapers, reporters are typing their stories on VDTs. The use of computers is not limited to large metropolitan dailies. Almost half of Canada's small newspapers, with daily circulations of fewer than 10,000 copies, use VDTs for writing and editing. Only 25 per cent of medium-size newspapers, with circulations from 10,000 to 40,000, have computer terminals in their newsrooms, mainly because most of the computer systems on the market in the past decade were inappropriate for papers of this size. These newspapers are expected to catch up with the others in the next five years as the cost of computer equipment continues to decline.

This rapid adoption of computer hardware by newspapers isn't common to all developed countries. It has been resisted strenuously in Europe, where the concept of workers' "property rights" to their jobs has been elaborated and defended. Technological changes were achieved more easily by Canadian newspaper proprietors, but only after years of resistance by the International Typographical Union which included strikes serious enough to jeopardize the existence of some newspapers.

From the outset of this change, in the late 1960s, computers were designed for many newspaper activities other than the writing, editing, and setting of news stories. The "newspaper of the future", originally expected to arrive in Canada by 1980, was seen as extending the use of computers to display and classified advertising, press control, mailroom stacking, and business systems. It was forecast that VDTs with large screens capable of displaying a full page would be used to make up news and advertising pages. Computers then would be able to produce film images of complete pages to be transferred onto printing plates by photo-composition.

Some of these developments have been slower than expected. Virtually all large newspapers in Canada now use computers for classified advertising, but only four report that they are capable of advertising-page "pagination" — the making up of all or part of a page on the terminal screen. Within the next five years, according to our survey, pagination of classified ads and the use of large-screen VDTs for display ads are expected to have been implemented in most large dailies. No Canadian newspaper now has the ability to display and edit an entire news page on the terminal screen, although some can accommodate part of a page. Of the large dailies, all except one expect to have some type of news pagination within the next decade.

Although the introduction of computers into all phases of newspaper production is taking longer than expected, the trend is unmistakable. A report for the British Commission on the Press in 1975 stated that "the revolution has now gone so far, and built up such a momentum, that there is now no alternative path". 6 Canadian newspapers have accepted this in practice.

Full pagination necessarily will precede laser platemaking under the direct guidance of the computer, eliminating photographic or chemical processing in the production of the printing plate. When that is achieved, perhaps in the late 1980s or early 1990s, according to the current expectations of large Canadian newspapers, it will be possible for the journalist to place a report directly and instantly on a printing plate. The computer will be able to alter the plate as quickly as it now can change words or images on a television screen.

Daily newspaper publishers believe that the introduction of computers during the decade of their internal revolution has helped to control costs and improve their appearance, and enabled them to compete more effectively with electronic media.

The same technological developments have strengthened the weekly press in competition with dailies and other media. Although statistics on the weekly press are less comprehensive than for daily newspapers, it is clear that weeklies have grown substantially in numbers, circulation, and prosperity in the past 10 years. From 1968 to 1978, total circulation of community weeklies more than doubled. At the beginning of those 10 years, enough copies of community weeklies were produced to provide a copy to 82 per cent of Canadian households. By 1978, there were enough to provide 1.38 copies to every household. This increase in economic and, in some instances, editorial vigor contrasted sharply with the performance of the daily press during the same period.

Computers have contributed to this, although they have not been the primary factor. More important was the initial switch from letterpress production using hot metal to cold-type offset printing. In fact, weeklies made this change more rapidly than dailies. Almost one-third of the weeklies had converted to cold type by 1970; five years later, more than eight out of 10 weeklies had the new technology. At that time, only six out of 10 Canadian dailies had discontinued hot metal operations.

About 40 per cent of the weeklies have computer equipment with all the basic characteristics of even the largest systems used by daily newspapers. One out of five weeklies plans to upgrade this equipment within the next two years, and half the weeklies anticipate doing so within three to five years, an indication of the flourishing state of this sector of the industry.

Offset printing and computers have made it easier to start and operate weekly newspapers. Although a few weeklies have become small dailies in the past decade, the prosperous independent weekly press cannot be considered a seedbed of new daily newspapers. There is even a contrary indication. Computer-based typesetting systems have encouraged a consolidation of production facilities for weeklies and a tendency to group ownership. About a third of the weeklies surveyed for the Commission are published through joint facilities producing up to 10 weekly newspapers, occasionally even more. In some cases, these facilities are owned by daily newspapers to take advantage of the growth in community newspapers, and sometimes to protect themselves from competition from the weeklies.

Reporters and editors on Canadian newspapers have adapted quickly and relatively smoothly to working with computers, despite some fears about the hazards of low-level radiation from VDTs. In theory, computers could increase the journalists' control over the final product. Ultimately, nothing except electronic circuits and machinery will stand between journalists and the printed page or between journalists and their readers. For the first time in the history of mass circulation newspapers,

journalists will be in a position to control the entire apparatus of production. Technical control, however, will be meaningless unless the authority of the editor or journalist matches this new capability. Otherwise, technology will make journalists even more of an appendage of the machine than they are now.

Although the full effect of computers on the internal structure of newspapers awaits the completion of the technical revolution in the next decade, their major economic impact on the competitive position of newspapers, as carriers of both news and advertising, has already been felt. It is unlikely that later generations of computer equipment will produce the same dramatic reductions in cost as did the elimination of such functions as linotype operation, proofreading, and the manual composition of pages in metal.

More efficient distribution, on the smallest scale and the largest, can be achieved with computers. For the individual subscriber, computer-controlled circulation lists, presses, and mailroom operations can provide a custom-designed newspaper. Only those sections ordered by the subscriber would be delivered. In return for this service, the newspaper would obtain computerized profiles of its readership that would be valuable in helping to market its own product and perhaps the products of others.

On the largest scale, the linking of computers and satellite communications already has enabled Thomson's Globe and Mail to become, in reality as well as in ambition, Canada's first truly national newspaper, printing simultaneously in three locations across the country, and soon in five. Pride in this achievement has, for the moment, obscured the effect it may have on local dailies, particularly if they also are part of the Thomson chain. There may be a tendency for the local dailies to become regional supplements of the national paper, losing something of their ability to select and interpret national and international news for their own readers.

An essential aspect of the newspaper of the future, as it was envisaged in the late 1960s, was the use of computers to automate newspaper "morgues" or libraries. It was anticipated that the content of newspapers would be culled every day for items of lasting value that would be stored electronically in a computerized system. This information bank, or "database", was expected to be not only a resource for the newspaper itself, in the traditional way, but a basic provider of information to the community in a society where many people would be able to access newspaper archives directly on their own computer terminals.

The Globe and Mail launched its library into the computer age in 1979, and today markets its database through a division called Info Globe. Several other large Canadian newspapers have begun the costly process of computerizing their archives but change, in this branch of editorial activity, apparently will be sporadic and slow. The Commission's survey uncovered little interest among other newspapers in extending the use of computers to their libraries in the foreseeable future.

Newspapers, computers, and the information society

The newspapers' internal revolution of the 1970s is only one expression of a more fundamental technological revolution involving the introduction of computers and the creation of global systems of telecommunication. In combination, these technologies promise the most potent extension of man's intellectual capacity since the invention of printing. Some scholars believe that the economic impact of the marriage of computers and telecommunications will be as significant as the changes that fol-

lowed the introduction of machinery at the beginning of the industrial revolution. They foresee mankind, led by the developed industrial countries, progressing from an industrial society to an "information society" where the production and transmission of information becomes the primary wealth-generating activity.

Newspapers are on the breaking crest of this technological wave because their business is, in part, storage and transmission of information. This part, as we have seen, already has been changed almost beyond recognition in the past decade. It will continue to evolve, in somewhat predictable fashion, for the next few decades as newspapers confront, compete against, and perhaps become part of a new information medium.

As yet, there is no universally accepted term for the new medium. Those that have been suggested in recent years contain clues to its nature: informatics, tele-computerization, *télématique*, tele-information systems, and "compunications", among others. At the moment, telematics appears to be used most widely to describe "the convergence of the telecommunications sector, the computer sector and broadcasting. ..into one massive industry".8

There is at least a commonly accepted term for the display of print on the television screen — videotex. This is the generic term used most often to describe print on the television screen when the television set is equipped to function as a computer terminal.

Used alone, the term usually describes videotex transmitted to the screen by telephone line or coaxial cable. Most of the videotex systems now being tested in Canada use ordinary telephone lines to bring print to television sets in homes or offices. Like telephone networks, these videotex systems are two-way or interactive. Using typewriter-size keyboards with letters and numbers, or smaller keypads with numbers only and a few other symbols, videotex users can call up "pages" or "frames" of information stored in computers linked to the telephone network. They also can put information into the computers and use the system to send messages to other users. Cable TV systems, if eventually they acquire the switching capacity that telephone networks now have, could be linked to computers and used as videotex networks. There is a hybrid version of videotex that uses telephone lines to deliver requests for information to computers and coaxial cables to transmit information from computers to users.

Conventional television channels can also be used to send videotex. The impulses or "bits" of information for the print display are transmitted in the "vertical blanking interval" of an ordinary television signal — the relatively small number of "lines" in the multi-lined signal that to now have been unused for picture or sound transmission. This "broadcast videotex" has come to be called teletext. The pages or frames of print are transmitted in a rapid cycle, over and over again. Television viewers with sets equipped to receive teletext can select and freeze pages from this cycle by pushing numbered buttons on small keypads.

Teletext is not interactive, as videotex is, and the number of pages is severely limited, for technical reasons, compared with the almost infinite number that can be stored in a videotex computer. Teletext, however, can vastly expand its number of pages if a full television channel is used for teletext alone and if users' sets have additional equipment for storing and selecting pages.

Imaginary videotex systems were basic elements of all the "wired societies" that proliferated in the minds of visionaries in recent decades. Only now are we beginning

to receive reports of experiences in creating and operating these systems. Establishing systems that link large numbers of people to information-distributing computers and, through the computers, to one another, will be more time-consuming and expensive than anyone imagined a few years ago. It also is clear that difficulties have not discouraged attempts to create such systems.

The amount of money being spent on videotex in a growing number of countries is rising in a curve that sweeps upward more steeply every year. It will be astonishing if nothing emerges from all this activity, but it is still impossible to tell what will emerge, and when, from the welter of competitive experiments.

Trials and errors

The United Kingdom is far ahead of other countries in operating both videotex and teletext systems.⁹ In 1978, after nearly a decade of research, the British Post Office (BPO) announced a videotex service, Prestel, that would use its telephone system as the carrier. By the end of 1979, BPO was offering a full public service from computer centres in London and Birmingham. The system had about 2,000 users and more than 130 "information providers" who had assembled 160,000 pages of information on a wide range of subjects.

But the growth of Prestel has been far below original forecasts. By the end of 1980, there were only 7,310 users, primarily in the business world. Only 917 terminals were in homes.

Compared with videotex, teletext is easy to start and cheap to operate. Engineers at the British Broadcasting Corporation experimented with teletext in the late 1960s. Regular service, called Ceefax, was announced in 1972. The Independent Broadcasting Authority, which oversees Britain's commercial channels, demonstrated its system, Oracle, in 1973. Expansion of teletext has been slow but steady. By the end of 1980, an estimated 100,000 television sets in Britain were equipped to receive teletext.

The most significant shortcoming of Prestel, the one that has had a major impact on the development of Prestel itself and now is influencing videotex in many other countries, is the absence of a strong and growing residential market. Originally, the home market was seen as the primary target. There already was "electronic publishing" for users in business, government, and various professions who were willing to pay for access to specialized databases. Videotex was to be a simpler and cheaper extension of this — the "Model T" of computer communications. Prestel was intended to become as much a part of everyday British existence as television, the telephone, the daily post, and the daily newspaper. In 1978, the British Post Office believed that there would be several million Prestel users by the end of 1983. It undertook an extensive advertising campaign in all media aimed in large part at the home market.

By the end of 1980, with fewer than one out of every 10 Prestel sets in homes, BPO authorities abandoned the home market in practice, if not officially. Virtually all advertising and promotion is directed now toward potential business users.

By creating the first operational commercial videotex system in the world and, in the process, the largest on-line computer system ever designed, the British have learned more about the difficulties and potential of the new medium than anyone else. They seem determined to press on, by changing their system to meet new

requirements, by selling Prestel International as a world information service on videotex, and by aggressively marketing Prestel technology and hardware to other countries, particularly the United States.

The British experiment with Prestel has been aimed at establishing with state encouragement a viable commercial system. In France, according to current strategy, the new medium will arrive almost overnight, financed by massive state investment. The concept is Napoleonic in scope and ambition.

The great French leap into the information society started in the 1970s with the reform of an antiquated telephone system. At one point, the number of telephones in France was growing by 18 per cent a year, reportedly the highest rate ever recorded anywhere. This meant constant updating and reprinting of telephone directories. The use of computers to maintain and typeset these lists led the French to explore the possibility of transmitting this information directly from the computer to the subscriber. By 1979, the French had committed themselves in principle to the "electronic telephone directory" — a small black-and-white terminal beside every telephone. The French believe that the cost of providing an estimated 30 million terminals over the next 10 to 12 years will be less than the cost of continuing to print telephone books and using operators to staff an inquiry service.

In tandem with a conventional interactive videotex system called Teletel, and a teletext service, the directory project is designed to make France the prototype of the information society and an international supplier of videotex hardware and expertise. All French systems are based on a technology called Antiope, which is similar to British videotex but capable of improved display and graphics.

Within France, newspapers are the main obstacle to this ambitious plan. Many of them fear competition from electronic "yellow pages" and have asked the state to give newspapers a monopoly on all classified advertising on videotex and to restrict its use in other ways. The dispute is evolving quickly into a debate about the role of the press in a democratic society. French newspapers claim that this role is fundamental and cannot be replaced by videotex. In response, French bureaucrats have launched studies which, they suspect, may show that the press overestimates its own influence on public opinion. 10

A struggle by newspapers for control of the new medium has also shaped the early development of videotex in West Germany. Other European countries that have announced trials of videotex or teletext include Finland, Sweden, the Netherlands, Belgium, Switzerland, Austria, Denmark, Italy, Norway, and Spain. Elsewhere, Australia licensed teletext services in 1980 and will begin videotex in 1981. Hong Kong acquired a small commercial videotex service last year.

Not surprisingly, given the strength of its electronics industry, Japan has pioneered the development of videotex, teletext, and related services. Its early field trials were attracting international attention when European systems were still in the laboratory. Between 1976 and 1978, Japan developed Captain, a videotex system designed to handle the complex written Japanese language.

Captain does this successfully but not without paying a penalty. Because relatively large amounts of information have to be transmitted to create a selection of 3,500 Japanese characters or symbols on the screen, it takes longer to transmit and reproduce a page of information on Captain than on Prestel — at least 10 seconds compared with a few seconds. This language problem may retard development of videotex in Japan, but not enough to eliminate it as a competitor in the world videotex market.¹¹

The United States is the only country that can afford the luxury of true competition in the development of a new communications medium such as videotex. While other nations have had to make early commitments to specific videotex systems, thereby locking themselves into structures that may be difficult to change, the United States, up to a point, can afford duplication of effort among many competitors in the private sector. A few years ago, the number of videotex trials in the United States could be numbered on the fingers of one hand. Now a computer would be needed to list and track them. It is becoming difficult to find a large newspaper, publishing organization, or television network in the U.S. that is not involved in videotex.

This sudden increase in videotex activity in the U.S. is the most important development for the medium since the British commitment in the 1970s. It is responsible for transforming the future of videotex from a matter for speculation to a subject of analysis. Some notion of the size of the potential American market can be gained by contemplating American Telephone and Telegraph, the colossus that accounts for 80 per cent of the \$50 billion annual business of U.S. communications carriers. AT&T's largest rival is General Telephone and Electronics. Although GTE's revenues are only about 10 per cent of AT&T's, it is close to the British Post Office in numbers of telephones installed.

AT&T is only one of many U.S. corporations now investing in videotex, but its activities are studied closely, not only because of its size but because decisions by the Federal Communications Commission affecting AT&T will set a pattern for the industry. The announcement by AT&T on May 20, 1981, that it intended to adopt videotex standards that may eventually become compatible with Canada's Telidon system, for instance, immediately raised fears of incompatible North American and European systems.

Developing alongside videotex and teletext in the U.S. but still separate from it, the home computer market has flourished without regulatory guidance. The first home computers were offered for sale in 1975; the number in U.S. homes had grown to an estimated 450,000 by the end of 1980 and was expected to exceed 1,000,000 by 1983 as hardware prices continue to decline. This thriving home-computer market is a distinctive American development which already is influencing videotex in the United States.

In Europe, where the market for small computers or microcomputers has been only 10 to 20 per cent of that in the United States, videotex is being established generally under state communications monopolies.

In the United States, and perhaps in Canada to a lesser extent, the definition of videotex and its future structure is blurred by the approaching convergence of videotex and home computer systems. At present, home computers cannot be used as videotex terminals, but it is estimated that already there are 40,000 home computers in the U.S. that could be equipped to access electronic publishing services with only minor adaptation. This blurring of the distinction between home computers and videotex is peculiar to the development of videotex in the North American market and of special interest to Canada, where the federal government has taken a "European" role in the promotion of videotex within an "American" economy that already

is an important market for home computers and computer services from the United States.

Telidon — Cadillac, Volvo, or Volkswagen?

Videotex development in Canada probably would have followed the pattern of smaller European countries, using British or French technology, had it not been for the invention of Telidon within the federal Department of Communications in 1978. Telidon is a second-generation coding system for videotex which facilitates the production and display of highly refined graphics. At this point in the rapidly evolving history of videotex, it is technically the best system on the market but it may not be the most cost-efficient.

Telidon was devised in 1978 by Herbert G. Bown, a DOC engineer whose original assignment was to create a laboratory replica of Prestel. At that time, there were reports that Canadian telephone, broadcasting, and cable TV companies were copying or purchasing British and French systems for videotex field trials in Canada. To make them aware of the development within DOC, "Canadian Videotex", as it was then called, was demonstrated publicly for the first time at a press conference in Ottawa on August 15, 1978. Canada soon established itself as one of the leading Western nations, along with Britain and France, in the development of videotex technology. Since then, Prestel, Antiope, and Telidon have competed for international acceptance.

The heart of Telidon is its unique Picture Description Instructions, a computer code or "shorthand" to assemble the elements of a graphic image on the television screen quickly. In the earlier alpha-mosaic systems, the operator of a page-creating terminal creates an image on the screen square by square, laboriously picking out the co-ordinates in a mosaic grid to fill in squares with different colors. With Telidon, an alpha-geometric system, an operator, by pushing a few buttons, can instruct the system to build up an image using basic geometric elements — point, line, arc, polygon, and rectangle. To viewers, the difference is apparent immediately. Prestel creates a graphic image line by line, from top to bottom of the screen. Telidon's more detailed images take shape in various areas of the screen, as if they were being sketched quickly by hand.

Officials of the Department of Communications have stated that "the technical superiority of Telidon is not contested", 14 but the system does have its critics. It has been called the "Cadillac" of videotex, too expensive for the mass market, while the first-generation alpha-mosaic systems have been said to provide a good and reliable "Volkswagen" service.

The invention of Telidon in a federal government laboratory radically altered the Canadian approach to videotex. Before Telidon, only a few telephone, television, and cable TV companies were experimenting on a small scale with British and French videotex systems. Official interest was almost non-existent. After Telidon was announced in 1978, the federal government became its chief promoter. In less than three years, Canada became one of the most active participants internationally in the development of videotex.

"If we in Canada work together and act quickly, we can be in the forefront of interactive television technology," Jeanne Sauvé, then Minister of Communications, forecast when Telidon was announced in 1978. Less than a year later, she

announced a federal commitment of \$9 million to a four-year program to develop Telidon, stating that it was "the best technology of its kind in the world" and that it had "the potential for creating thousands of jobs for Canadians in the manufacturing and service supply industries". 16 Less than two years later, the federal government announced that it already had invested more than \$12.6 million in Telidon and intended to commit an additional \$27.5 million to be spent in the following two years. 17

In late 1980, Telidon was ratified as a world videotex standard, alongside the Prestel and Antiope systems, by the International Telegraph and Telephone Consultative Committee of the International Telecommunications Union, an agency of the United Nations. The first sales of Telidon systems for trial purposes had been made in the United States and Venezuela. Telidon was included in services listed in several cable TV franchises awarded to joint American-Canadian ventures. In Canada, all field trials of videotex by 1981 were committed to using Telidon, although not always exclusively.

Despite this early activity, the large government investment in Telidon remains speculative. There is still uncertainty about the future of videotex itself. If videotex expands as a new medium, Telidon is only one of three systems now available. Even if Telidon becomes the predominant system, the economic impact on Canada's electronics industry is hard to predict, partly because of the nature of Telidon itself.

There is widespread misunderstanding of Telidon among the Canadian public, some of it fostered by the government, abetted by an uncritical press. Much of the official publicity has focused on its importance for the future of Canada's electronics industry. The impression has been created that Telidon resembles the CANDU nuclear reactor, in the sense that it is a machine or apparatus exclusively available in Canada.

Telidon is not at all like this, a point understood clearly at the outset. In 1979, John C. Madden, then Director General of Special Research Programs for the Department of Communications, described Telidon as "first and foremost a communications protocol, a way of storing and transmitting graphical and other information with a high degree of efficiency from one place to another... As such, it is not patentable.

"Anyone can take the published specifications for the Picture Description Instructions (or PDIs) which are at the heart of Telidon and develop a Telidon system," Madden explained. "All it takes is time and money, neither of which is required in very large quantities by modern industrial standards. The necessary expertise exists in many laboratories around the world." 18

Because Telidon technology is public knowledge, adoption of Telidon by the United States or other countries would not give the Canadian electronics and videotex industries exclusive markets. At best, it would place them in a preferred position because of their know-how and lead in development and manufacturing. Although Telidon may not be CANDU, its backers claim that it could do for the Canadian videotex and electronics industries what Volvo did for the Swedish automobile industry.

When the federal government became the principal supporter of Telidon, it stimulated every aspect of videotex development. Within a few years, videotex field trials in Canada probably were more extensive than those in any other country.

As of May, 1981, there were 12. Three were operational. Six were scheduled to begin before the end of the year and three in 1982. An international trial of Telidon also had been announced. As in other countries, most trials were behind schedule because of difficulty in obtaining equipment and creating databases. Creating videotex pages has been more time-consuming and expensive than expected. Information banks for the early trials have been incomplete and unsophisticated, discouraging some users. Despite the heavy federal investment since 1978, a survey for the Commission in February, 1981, revealed that only 338 Telidon terminals were in operation, 267 being used for videotex trials and 71 for teletext broadcast by television networks. 19

The most ambitious trial is Vista, Bell Canada's trial in Québec and Ontario involving 490 terminals. It was demonstrated in May, 1981, and scheduled to begin service later in the year. Bell hopes to accumulate a database of 75,000 pages by the end of the year, 15,000 in French. Information providers include TV Ontario, Dominion Stores, Infomart (a joint venture of Torstar Corporation and Southam Inc.), the Ontario government, Le Soleil, the Consumers' Association of Canada, and Tele-direct, Bell's own "yellow pages" publishing subsidiary.

Project Ida, Manitoba Telephone System's videotex trial, began to use Telidon in June, 1980. The Ontario Educational Communications Authority (TV Ontario) launched a teletext trial in January, 1980. Sponsors of other trials include the New Brunswick Telephone Company; Télécable Vidéotron, a Montréal cable TV service; Cablecom Corporation, a Saskatchewan telecommunications company; Alberta Government Telephones; and B.C. Telephone Co. The first extensive trial of teletext in English and French, using Telidon, is expected to be launched in Montréal, Toronto, and Calgary next year by the Canadian Broadcasting Corporation. The international trial, scheduled to begin later this year, is being sponsored by Teleglobe Canada, the Crown agency in charge of overseas communications.

Most of these early trials have been described as market trials to explore the commercial potential of videotex. In fact, they have been more in the nature of technical trials to test new hardware. Because of the small number of terminals, the inadequacy of information banks, weakness in statistical data, lack of co-ordination between trials, and the absence of market conditions, they are not expected to produce firm evidence of a consumer market for videotex.

While telephone companies collaborate with the Department of Communications in Telidon field trials, cable TV companies have moved ahead on their own to introduce two-way or interactive commercial service. The pioneer is Rogers Cablesystems Inc., formerly Canadian Cablesystems, one of the largest cable TV companies in the world, with franchises in Canada, the United States, and the United Kingdom. In 1979, Canadian Cablesystems introduced the first interactive cable TV in Canada in London, Ontario.

In 1978, the CRTC encouraged Canadian cable-TV companies to investigate new ways of using their systems by stating that it would give "prompt and favorable consideration to applications by cable television licensees for the use of their systems to provide new communication services of a non-programming nature".20 Rogers Cablesystems responded in 1981 by proposing a package of interactive services that would include security surveillance systems for homes and businesses, subscriber opinion polling, energy meter reading, automatic measurement of TV viewing habits

with the consent of subscribers, video games, teleshopping, news and information, and shared computer services providing access to national services in the United States. In March, 1981, Rogers Cablesystems asked the CRTC for permission to provide this package to its cable subscribers in Toronto and 11 other urban areas in Ontario.

Competition between cable TV and telephone companies for this new market is occurring as fibre-optics technology promises to free telephone companies from the limitations of conventional copper-wire telephone lines. A single optical fibre, using light rather than electricity as its medium of transmission, can carry up to 4,000 voice conversations, hundreds of millions of "bits" of computer data, and up to six TV channels at the same time. This immense capacity would give telephone companies the ability to provide virtually all communications services to the home.

Bell Canada installed its first optical fibre underground in Montréal in October, 1977. Despite the higher cost — about 10 times the cost of paired copper wire — Bell Canada intends to install 100,000 kilometers of optical fibre telephone lines in this decade.

The most extensive use of optical fibre is planned in Saskatchewan where the publicly owned telephone company, Saskatchewan Telecommunications, has announced a \$56 million, four-year project to install a 3,200-kilometer optical fibre trunk network across the province connecting communities of 500 or more households. This "electronic highway", according to SaskTel, is based on the premise that a telecommunications delivery system is a natural monopoly, that carriers of communications cannot interfere with content, and that "the ideal delivery system in a democracy...must give every person the equal right to communicate both as a sender and a receiver of messages".21

As in the United States, the growing number of home computers will shape the development of videotex in Canada. From 10,000 to 50,000 small computers will be in Canadian homes by 1985, it is estimated. Even at the slowest estimated rate of growth, home computers in Canada in the next few years will vastly outnumber videotex terminals manufactured for use in the Telidon trials.²²

An initial example of integration of systems occurred this spring when a leading U.S. manufacturer of home computers, Apple Computer Inc., concluded an agreement with Infomart of Toronto to market an attachment for the Apple microcomputer that will enable it to function as a Telidon terminal.

Prospects for print

The difficult but crucial question for the newspaper industry is the form, extent, and timing of competition from these new systems. The wisdom of the moment is that daily newspapers as they now exist — monopoly newspapers, in most cases, with teams of computer experts to keep them abreast of technological change — will be able to maintain circulation and advertising revenue for at least the next five years, probably the next 10, possibly longer.

The durability of newspapers during the gestation of the new electronic media, beset by early problems with the experimental hardware and methods of use, has created a new conservatism about the impact of videotex. Influenced by the rela-

tively slow growth of videotex in England, many experts now are tempering their early enthusiasm. Rex Winsbury, a leading British authority, believes that it will be "a very long time, if ever" before the new systems can compete with the low cost and convenience of newspapers.²³ The same opinion is expressed by A. Roy Megarry, publisher of the *Globe and Mail* and one of the pioneers of new information systems in Canada.

Only a few years ago, as vice-president of corporate development for Torstar, in charge of developing new information systems for the Toronto *Star*, Megarry predicted that paper-print communications of all kinds, including newspapers, would shrink in volume as the new systems came into being. He warned newspapers that "classified advertising, the backbone of the newspaper's advertising base, is one of the most immediately viable databases for the new home information systems".24

As publisher of the Globe and Mail and an attentive student of the British experience, Megarry has revised his early forecast and now believes that newspapers will survive indefinitely, perhaps by devising new forms to adapt to competition.

Gerald Haslam, a Southam executive who is a director of Infomart, told the Commission that it is "impossible at this point to bring forward evidence" of a threat to newspapers from videotex. Martin Goodman, president of the Toronto Star, in collaboration with Southam a leading developer of the so-called "electronic newspaper" in Canada, has predicted that the conventional newspaper "is still going to be cheaper per month than cable or any of the add-ons". Print will survive, said Goodman, because it is "portable and an enduring record...TV is passive and washes over you." ²⁶

An American communications scholar last year said North American newspapers would retain a technological lead "for the next several years", but that electronic delivery of information will become less and less expensive as newspaper production and distribution costs continue to rise.²⁷

"We must admit we are not in the newspaper business," one American newspaper executive has said, "for, if that is what we think, we will go the way of the railroad. Newspapers are in the communications business." 28

The most recent and comprehensive Canadian study, by Data Laboratories of Montréal for the Institute for Research on Public Policy, concluded that daily newspaper advertising revenue will not be threatened significantly by competition from various new forms of electronic media up to 1985. It warned that this short-term pattern could change "quickly and discontinuously" in the late 1980s.

Competition for the time and attention of newspaper readers and the dollars of newspaper advertisers is emerging in a number of forms: the extension of cable TV services to include pay TV; the growth of television received direct from satellites; increasing numbers of home video players using disc or tape; the spread of small computers into homes; and the development of videotex systems by television, telephone, or cable networks to provide print information on request on home television screens. All these forms of competition now are developing rapidly. Together, they clearly have the potential to affect newspapers, starting in the second half of this decade. The effect could become critical in the 1990s.

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12 Outlook and issues

THE SECOND

OT surprisingly, the growing concentration of newspaper ownership in Canada has been reflected in electronic publishing from the outset. Canada's largest newspaper concerns have invested heavily in the new technology. Southam Inc. and Thomson Newspapers Limited are deeply involved in various forms of electronic publishing, as is the largest independently owned newspaper, the Toronto Star.

Thomson is the owner of Info Globe, a division of the Globe and Mail, the only Canadian newspaper that has transformed its archives into a computer database. The Toronto Star, through its parent company, Torstar Corporation, is a partner with Southam in Infomart, a joint venture involved in virtually every aspect of electronic publishing. Infomart today is the giant of this infant industry, far more predominant in its own field than is any single enterprise in the publishing of daily newspapers.

In no other country has a single commercial electronic publisher, specializing in preparing and marketing computer-stored data for videotex systems, achieved such a position. Through the assistance of government, and its own willingness to invest heavily in a speculative venture, Infomart has created a near-monopoly for itself in the provision of services for the early development of videotex. Rivals may appear in future, but its competitors at the moment are almost insignificant.

Info Globe is a less ambitious venture. Created in 1979 as a division of the Globe and Mail, it markets a database that now contains 250,000 items from the newspaper dating back to November 15, 1977, and is updated every day. In January, 1981, a staff of seven was servicing 370 clients, an increase of 100 from a year earlier. The service has operated so far at a loss.¹

Infomart has expanded dramatically since the autumn of 1979. Torstar and Southam have shared equally in a total investment of \$12 million. The number of employees has increased from 12 to more than 100. Its divisions reflect Infomart's range of activities: technical services, marketing, operations, videotex services, and database publishing.

About three-quarters of Infomart's budget is devoted to videotex development. Revenue from videotex in 1980 was less than \$400,000. Infomart's projections of revenue for 1981 range up to almost \$7 million, largely due to contracts for Telidon systems. Among the most important are:

- Canada: A \$1.1 million contract for a turnkey or ready-to-use system for Teleglobe Canada, a Crown corporation, to transmit a Canadian business information database internationally. Teleglobe initially will employ about 50 user terminals.
- United States: A \$1 million contract with the Times-Mirror Company of Los Angeles for a turnkey Telidon system for a trial in southern California.
- Venezuela: A \$1 million contract, shared with a Venezuelan subsidiary, for a Telidon turnkey system to display government information in public places in Caracas.

Infomart also is prominent in providing computer, page preparation, and information services to Bell Canada's Vista trial of Telidon in Ontario and Québec, to the three Telidon trials using facilities of the Manitoba Telephone System, and to Rogers Cablesystems for its U.S. franchises. Although telephone and cable TV companies are competitors for future videotex markets, Infomart at the moment supplies both.

Despite its success in obtaining foreign contracts for Telidon against competition from British and French systems, Infomart remains a highly speculative undertaking. In mid-1980, Torstar reported six-month profits almost 15 per cent lower than in the previous year. The decline was attributed to investment in Infomart as well as other factors. The chairman of Torstar, Beland Honderich, has said that Infomart profits in the short term will depend on contracts from business and government. In the long run, he stated, the "consumer home mass market holds by far the greatest profit potential, but it will probably be five to 10 years before it makes a significant profit contribution."²

If videotex fails to develop as an important mass communication medium, newspaper groups involved in Infomart and, to a much lesser extent, Info Globe, will have weakened their basic industry to no purpose by shifting investment away from newspapers. If videotex succeeds, they may be in a position to establish a degree of dominance at the outset that it took newspaper chains more than a century to achieve in print.

The existence of Infomart has given a distinctive character to the debate in Canada about freedom of the electronic press. In the United States, concern has centred on the role of American Telephone and Telegraph (AT&T) in electronic publishing. Technical advances and regulatory decisions in recent years have opened new avenues of activity to AT&T. Many of them are beyond the company's original mandate to carry telephone messages; some infringe on the role of the printed press as a conveyor of news, information, and advertising. The American Newspaper Publishers Association has stated that AT&T should not be allowed to provide information over its own communications system in competition with other providers using the same system.

In Texas, an attempt by Southwestern Bell Telephone Company, an AT&T subsidiary, to launch a computerized news and information service on a trial basis has been opposed, in what may be a significant test case, by the Texas Daily Newspaper Association. "They not only want to transmit the information," said John

Murphy, executive director of the association, "they want to be the gatherer and the provider."3

Canadian newspapers, by contrast, have been slow to respond to the same situation in this country, perhaps because of the involvement of some of the largest newspaper groups in videotex trials by Bell Canada and other telephone systems. This involvement was a source of concern to many who appeared before the Commission.

According to the brief submitted by the Canadian Labor Congress, the men who own and direct the newspaper conglomerates are on their way to controlling the new electronic information systems. Referring to newspaper involvement in videotex trials in North America, the CLC brief stated that this issue was being raised "not to sound a conspiratorial tone, or to forecast the ultimate demise of the traditional newspaper, but rather to raise before this Royal Commission the spectre of the newspaper industry reaching out into new technological territory".

"Who will own these new systems?" asked MP and former journalist Pat Carney at the Commission's hearings in Vancouver. "Are we all going to end up working for Southam News Service or Ted Rogers of Canadian Cablesystems?" 4

Also in Vancouver, the Commission was warned by David Godfrey, chairman of the department of creative writing at the University of Victoria and co-author of Gutenberg Two, that "if there is not to be a similar Commission 30 years down the road, struck into being by the merger of Imperial-Torstar-Maclean-CP with Thomson-Brascan-Irving-Dominion. ..then it might be instructive to look now at theoretical remedies, however fantastic, because those theoretical remedies can be applied in advance to the new media.

"And the way I look at those remedies," Godfrey continued, "is by asking the simple question: how in the boardrooms of the nation will they, are they planning now, to manipulate the new media? How can one manipulate the new technologies so that concentration is possible, profitable gateways are seized, entry thresholds to new competitors are raised, and profits are insured, all without incurring government intervention?" 5

On the other side of this question, Infomart, with the support of the Department of Communications, has drawn attention to the risk involved in videotex investment and its potential to provide a competitive marketplace for various types of information providers. "We don't see any huge central databases, as I believe you heard about in Vancouver," the Commission was told in Toronto by David M. Carlisle, president and chief executive officer of Infomart. "We see a proliferation of many small and very inexpensive databases."

After informing the Commission in Ottawa of details of the relationship between Infomart and DOC, the department's assistant deputy minister, Douglas Parkhill, asked: "Does it give their owners (the owners of Infomart) some sort of privileged position? In the sense that they are gaining early experience through their subsidiary in the operation of a Telidon system, the answer is yes," he went on. "But I would also ask, what is wrong with that? The same could be true of any other information providers in this country. It just so happens that before anybody else, those particular newspapers, newspaper chains, recognized the importance of this and invested very heavily in it. . . . So I don't really think," concluded Parkhill, "that

the fact that these two newspapers have been receiving — at least, that a subsidiary of theirs which is performing an extremely valuable national service — I don't really detect any menace here, although obviously it is important that when it comes to fostering the generation of information, that the government spread its money around. And we certainly intend to do this."

At issue here, and in the debate over the role of telephone companies in videotex, is the question of accessibility to the new medium. Who will be able to publish on it? Whose voices will be heard? Two principles are cited: freedom of the press and the separation of carrier and content. The first originated in the age of print; the second belongs to the electronic era.

In our own time, the number and variety of newspapers have been affected by competition from electronic media and other factors. They may be further reduced if videotex systems become important carriers of news, information, and advertising. If the carrier systems operate news services themselves, in competition with other information providers, the result could be monopoly news services provided by telephone and cable TV systems that are licensed and regulated by the state. In such a system, freedom of the press, as defined for centuries, would be extinguished almost by accident — not by design but through the unifying effects of modern technology and corporate management.

Anthony Smith, the author of *Goodbye Gutenberg*, believes that the ideals and traditions of the printed press will help society, as it passes through the age of electronics, "to find ways to re-establish and re-guarantee the basic individual freedoms of expression and of information". Among the first of the new principles to become firmly established is the separation of carrier and content. No such distinction was required in the old world of competitive newspapers where as many "channels" of print communication existed as there were publishers with enough time, money, and talent to realize their ambitions. It becomes necessary in a world of vast systems of communication enjoying monopolies in their own territories.

This separation is easily stated and achieved in the telephone system. Bell Canada is expressly prohibited by law from controlling or influencing the messages that are the content of its carrier system. As the systems proliferate in number, type, and purpose, the distinction becomes harder to define and maintain.

Except in the case of telephone companies, the federal government has an attitude rather than a policy on content/carrier separation. It was described to the Commission by Parkhill as "a new fundamental dichotomy: a total separation of carrier and content, of the distribution systems and of the services that they distribute." 9

Recent experience indicates that maintaining this separation in videotex may be difficult. In Britain, the informal screening of information providers, allotment of computer space, and control of Prestel indexes by the British Post Office reveals a substantial degree of content control by the carrier.

In Canada, the publication of "yellow pages" directory advertising on videotex by telephone companies may be regarded as provision of content by a carrier, in competition with other providers. Indeed, describing this type of videotex advertising as "yellow pages" is misleading. Directory services now published by telephone companies are limited in their usefulness because of space restrictions and publishing schedules. Videotex advertising will provide almost unlimited space and can be updated continually. Because of their inherent limitations, printed telephone directories do not compete with newspapers in a substantial way. "Yellow pages" on videotex, however, could be a new and highly competitive advertising medium.

Since the motivation for videotex publishing of this type by telephone companies is commercial, the relevant questions are: is the best use of new revenues from videotex advertising to subsidize other services of the telephone companies? Or should the telephone companies confine themselves primarily to their original business of providing carrier services to all private and commercial clients on an equitable basis? Proponents of carrier/content separation argue that, because of the inherent conflict of interest, telephone companies should produce videotex directories containing only the names, addresses, and numbers of telephone or videotex subscribers, grouped, in the case of companies, according to services or goods offered. Newspapers and other information providers should be free to compete for videotex advertising.

Any discussion of the regulation of videotex in Canada occurs against a background of federal-provincial dispute over jurisdiction. With this in mind, guidelines for the development of various videotex systems can be discussed on the assumption that freedom of the press is the main objective and that separation of carrier and content contributes to this.

New issues for new media

A. Broadcast teletext

Teletext, a form of videotex transmitted in the vertical blanking intervals of conventional television channels, can complement and enhance television programming with additional print information. Revenue from this type of service would seem to belong properly to the broadcaster rather than to an information provider licensed in competition with the broadcaster.

Allocating this new medium to the broadcaster, rather than to print media, would back up the Canadian Radio-television and Telecommunications Commission's policy of encouraging diversified media ownership.

In both Canada and the United States, regulations have discouraged cross-ownership of print and electronic media, although each country has adopted a different approach. In the U.S., the Federal Communications Commission (FCC) limits by regulation the number of radio, television, and daily newspaper enterprises held by a single owner, but there are numerous exceptions to the rule. In Canada, the CRTC has rejected an approach based on numbers of enterprises owned in favor of case-bycase determinations.

The principle guiding CRTC decisions that involve ownership concentration was stated in a 1978 ruling: "To the extent that concentration of ownership and control in the Canadian broadcasting system increases...diversity of opinion and information available to Canadians is potentially reduced." 10

In regard to broadcasting-newspaper cross-ownership, the CRTC stated in 1979 that "the ownership and control of broadcasting undertakings should be separate

from the ownership and control of newspapers except in special circumstances. The Commission has been particularly concerned with the level of cross-ownership of broadcasting and daily newspapers in view of the potential reduction in independent and separate editorial judgments that this could involve. This would be of greater concern if there was joint ownership of broadcasting and newspapers in the same market."11

The trend toward homogenized information would be even more pronounced in a community where broadcast teletext further integrated television and newspaper news operations under the same owner. This possibility should strengthen the arguments used by the CRTC in its effort to see that Canadian communities have media that accurately express their diversity.

B. Cable teletext

Cable TV was originally no more than a carrier of television programs aired by broadcasters and received on a community antenna. Cable companies were assigned exclusive territories and have been regulated, since 1968, by the CRTC. The industry has become a hybrid, involved not only in the distribution of broadcasts but also in the transmission of programs and services not produced by broadcasters. Videotex presents new opportunities for both aspects of these operations.

Cross-ownership between telephone companies and cable systems has been prohibited. Cross-ownership between television stations and cable systems has existed for many years, though not as an arrangement favored by public policy. Again, diversity of ownership has been the objective. In numerous decisions over the past two decades, the CRTC has expressed its opinion that, "except in special circumstances, television undertakings should be independent of cable television undertakings..." 12

Until 1978, cable systems in Canada were not permitted to offer other services, apart from community programming. In that year, the CRTC announced that it did not intend to "inhibit...the development of innovative services by the Canadian cable television industry". It stated that it would give "prompt and favorable consideration to applications by cable television licensees for the use of their systems to provide new communication services of a non-programming nature". Videotex and teletext are services that cable TV companies now want to offer in response to this invitation.

The largest such company, Rogers Cablesystems, told the Commission that in the United States "not only are all new cable television plants built completely two-way, but the regulatory environment is such that cable operators are encouraged to provide a proliferation of services." (In fact, they are required only to have two-way capacity through later adaptation of equipment.) In Canada, according to Rogers, "neither telephone companies nor the cable companies are encouraged to seek roles as deliverers of in-home information services."

Again, according to Rogers, separation of carrier and content, which it described as an "old telecommunications-based notion", no longer serves as a framework for guiding the development of new information technologies. Rogers has stated that it "no more believes that cable operators should be denied access to their

own system than should broadcasters, newspapers or any other information providers be denied access to the cable system."14

This position, in effect, claims for cable TV as a hybrid system all the advantages that belong to both broadcasters and communications carriers without any of the restrictions. The cable TV industry asserts that this dual role, as both carrier and provider of information, would be compatible with a policy assuring other information providers equal access to cable systems.

If this were granted, there would be no reason to restrict the activities of telephone companies as information providers. Conversely, if telephone companies are permitted to provide content through arm's-length subsidiaries, it is hard to argue that cable systems should not have the same right.

Removing the wall of separation between content and carrier in this fashion would favor the development of monopoly information services on videotex with no significant benefit except to cable systems and telephone companies which already are large, monopolistic by nature, and profitable. It would seem more in line with current public policy to encourage cable systems to market their carrier services among new information providers, at least until there is evidence that competitive videotex and teletext services cannot be developed without the direct participation of cable systems.

C. Videotex by cable

The reasons for treating cable systems as carriers of teletext, even if the teletext is a new service using the vertical blanking interval of a channel already used by a cable operator for community or other programming, apply even more forcibly when videotex services are transmitted by cable.

In the interests of competition with as little state regulation as possible, providers of these new services should be able to compete within the "marketplace" of a cable system whose primary concern is transmitting the services as efficiently and as profitably as possible. The main regulatory function, in this case, would be to ensure equality of access to all potential information providers and the allocation of channels to non-profit community activities.

D. Videotex by telephone

The introduction of videotex holds out the promise of greater utilization of telephone systems and increased revenues for telephone companies operating in their traditional role as carriers of information. Unless it is shown that the competitive free enterprise system cannot provide the new services made possible by videotex technology, telephone companies should concentrate on their role as carriers only, leaving provision of content to others.

Shaping Canada's information society

The test of new information systems is their contribution to freedom and diversity of the press as it has come to be understood in our society. There should be the widest possible access, with only the minimum of supervision by the state necessary to secure such access.

As communications and information systems develop, this accessibility may be easier to achieve when consumers are provided with multi-channel home information systems. Up to now, the state has acted as allocator of a limited number of electronic channels. All the regulatory apparatus of radio, television, and telecommunications has originated from that function. This foundation will crumble as communications and computer technology create an almost infinite number of channels, bringing within our reach a freedom to publish undreamed of even in the golden age of competitive print journalism. In principle, the new technology should make access to electronic publishing cheaper, easier, and less restricted than is newspaper publishing today, perhaps unencumbered by the regulatory apparatus that radio and television have had to bear.

The development of computers and communications has raised many new legal questions. Protection of privacy in an age of computerized personal records has been the subject of numerous studies over the past decade in Canada and elsewhere. Copyright of works stored in computers is of more concern to this Commission. Journalists in the United States already have raised this issue in labor negotiations with several newspapers. As newspapers have contracted to transmit editorial material electronically to home computer services, journalists have asked to be paid for these "replays" of their work.

A way will have to be found, as videotex develops and perhaps threatens the existence of newspapers, to invigorate the journalistic base, where news is first perceived and formulated, with revenues from the new means of processing and distributing news. This is in the long-term interest of newspaper proprietors and journalists. If negotiation fails to achieve this, copyright laws may have to be reviewed to ensure that journalists share in the benefits gained from new uses of their intellectual property.

In the information society, the flow of information may become as vital as the supply of food. National information systems must be potentially self-sufficient and secure if a country values its independence. Some day this consideration may be irrelevant. If the information society creates a new order of interdependent nations, the free flow of information will bind together the human community. Even in that new order, however, individuals and communities may want to build fences to shelter their native cultures. For now, past experience dictates the principles that are applied to the flow of information across national borders. It is a question that has concerned many countries.

The flow of computer data across the Canadian-American border has been measured, up to now, primarily in terms of dollars and jobs. The cultural threat has been more difficult to define. In 1978, the Science Council of Canada stated that "a new technology has begun to affect the lives of Canadians. It seems inevitable that we will, at some point, have some form of public interactive communications/information service. We must ensure that we adopt the system that is optimal for our needs and not one that has evolved without planning and been put together in a patchwork fashion."15

The optimal system seems remote. Discovering it will seem more urgent as videotex takes computer data out of the office and into the home. If videotex

becomes a news and information medium akin to broadcasting in its reach and influence, undoubtedly there will be demands to bring videotex under broadcasting legislation to ensure that it is effectively owned and controlled by Canadians so as to "safeguard, enrich, and strengthen the cultural, political, social and economic fabric of Canada".16

At the moment, Canadians who own computer terminals enjoy unrestricted access to databanks in the United States. Telidon videotex terminals now being manufactured are not able to access U.S. databanks, because of Telidon's distinctive computer language. This technical barrier will not long remain if Telidon becomes an American standard or if computer programs are devised to make different systems compatible.

Left to itself, computer technology eliminates borders between countries. There is every reason to believe that videotex technology will tend to increase the international flow of news and information, particularly between countries with the same language and similar cultures. This is, indeed, one of the objectives of Teleglobe Canada, the Crown corporation which is in the process of organizing a Telidon service specifically to supply Canadian information to clients in other countries.

Canadians believe in the freest possible flow of information. It would be difficult for any Canadian government to restrict Canadians' access to databases anywhere in the world, even if it were feasible to do so. At the same time, the principle of unrestricted access to databases in other countries must not be applied at the expense of Canadian capacity to gather, assess, and distribute information about ourselves to ourselves. These systems form, in a sense, a representation of national memory and national consciousness. The arguments that have protected Canadian newspapers, periodicals, and radio and TV stations from foreign ownership apply with even more force to videotex systems.

Because of market conditions and, more recently, government policy, foreign ownership of newspapers has not been an issue in Canada, as it has in the United Kingdom. Even the recent newspaper closings have prompted only a few hesitant suggestions that this field should be opened to foreign investors, as a desperate measure to restore competitive conditions. Because of the vulnerability of Canada to U.S. influence, Canadians have seen no contradiction in restricting ownership of newspapers and other communications industries in Canada, while applauding Canadian entrepreneurs who expand into newspaper and other communications ventures in the United States and other countries. The same rationale justifies ensuring that videotex databases serving the public in Canada should be majority-owned and controlled by Canadians. This could be accomplished by regulatory restrictions on ownership or by tax regulations affecting Canadian dollars spent on advertising and other commercial videotex services.

The free flow of information across our borders would continue to give all Canadians access to information anywhere in the world. Canadian databases also would be able to import and market data from other countries. It may remain more economical and convenient for Canadians to access databases in Canada, when the information is available here, rather than going to more distant sources outside the

country. Revenue from imported databases would help to pay for the creation of Canadian databases.

The initial experience of Infomart and Info Globe has shown that the creation of commercial Canadian databases is almost prohibitively expensive, even for our largest media conglomerates. It should be government policy to encourage the creation of commercial databases as an essential research and development activity.

The role of videotex as a national medium of news and information, delivered primarily by telephone line and coaxial cable, and perhaps later by optical fibre, may be critical if satellite communications make a bureaucratic shambles of attempts to protect national radio and television systems from international competition. Even as the CRTC attempts to assess the economic and social implications of direct-to-home satellite transmission of radio and TV programs, rooftop receivers are becoming almost as popular in some parts of Canada as were backyard stills during periods when sales of liquor were prohibited.

Ensuring that videotex systems form an integral part of our national media system, and accurately express our national identity, means helping to provide French-speaking Canadians with the ability to use the new technology. Fears have been expressed in France about the effects of a technology that uses English not only as the primary international language for the storage of information but as the language most often used by programmers who design systems to employ computer hardware for specific tasks. The French have perceived telematics as a threat to the culture and languages of countries where the new technology is received passively, relying on imported equipment and ideas. This fear has motivated France's attempt to force the development of videotex systems constructed by and for its own people.

This concern applies even more forcibly to the smaller French-speaking society in Canada. It should be taken for granted, in any discussion of videotex development in Canada, that governments in Ottawa and Québec will make the special efforts required to create French-language databases and to develop the expertise of Québecers in other aspects of the videotex industry.

The Commission's research has shown the dangers of a simplistic approach to this question. As one of our studies suggested, "one doesn't have to believe that culture is threatened because the large cultural institutions are tottering on their foundations." The study distinguishes between various groups within society, each of which uses and affects information media in its own way: "When one claims that national cultures and linguistic communities are threatened by the standardizing influence of videotex, one confuses communities of interest and culture communities; one reduces the role of language which is both a vehicle for communication and a receptacle of cultural values." Support for videotex research and development in Québec and among French-speaking communities outside Québec should encourage the development of new approaches to information technology within these groups without imposing criteria from the English-speaking community.

A new landscape

Newspapers have been attracted to videotex because it seems, at first, to be an electronic extension of their current publishing activities. They soon discover, in practice,

that it is a medium that has relatively little to do with news, that news is only one of many services provided by videotex and probably not the most marketable.

For newspaper publishers, news is the product they sell to the consumer, and a large consumer market is what they sell to the advertiser. This symbiotic relationship between news and advertising no longer exists on videotex. In some of the early systems, news is seen as an incidental product of the system, or as a free premium for users who access a database containing primarily advertising and other commercial services.

It seems more and more doubtful that news, in the newspaper definition, will be the main economic engine or most valuable product of the industry. One recent estimate in the U.S. suggests that potential videotex users might be willing to spend about \$5 per month for news services that they now receive "free" on radio and television. This is not a large pool of revenue to divide among many providers of specialized and therefore costly news services.

Publishers who have entered the new medium soon discover that their videotex activities bear less and less resemblance to their newspapers. This has occurred in Canada, where Infomart already thinks of itself as an "information utility" — a description that most newspapermen would find alien, if not threatening. Executives of Infomart have been taken from computer service companies, not from the ranks of the Toronto Star or Southam newspapers. Writers working for Infomart have come from advertising agencies, not from the newsrooms of newspapers. In the United Kingdom, where videotex experience is longer and more extensive, Rex Winsbury of Fintel, the electronic publishing subsidiary of the Financial Times, confessed that "we've almost totally forgotten our origins as a newspaper house." 18

Newspapers in Germany, the Netherlands, and some other European countries still tend to see videotex as print publishing with a new means of delivery. Such British newspapers as the *Financial Times*, with more videotex experience, regard this as an experimental attitude that soon disappears within an operating system. In Prestel, Fintel has found itself competing not against other publishers, in the main, but against banks, mail order houses, travel agencies, and airlines, as well as new companies created specifically to serve videotex users. "It's quite a new landscape," according to Winsbury. "Our belief is that the applications of viewdata (British videotex) are not to be seen purely in terms of promoting the traditional newspaper. If it's going to be a success, it's going to be a success in quite different ways from that."

As Torstar and Southam have demonstrated in Canada, large newspaper groups often have the capital and instincts to create videotex subsidiaries or divisions. In the early stages of videotex development, with many print publishers exploring the new medium, newspapers may feel more at home in videotex than do other industries. Infomart, for example, has perhaps found it easier to sell Telidon systems to publishing enterprises in the U.S. because of its relationship with the Toronto Star and Southam. This advantage may become less significant as videotex creates many new and distinctive "publishing" enterprises attuned directly to the needs of the new medium and its users. By then, the videotex activities of newspapers will be in a world of their own, far removed from the parent newspapers. Torstar's recent purchase of a mail-order house in the United States indicates the direction that videotex

concerns may take as they exploit the advertising or "service information" aspect of videotex rather than news.

News and editorial comment stand apart from service information on videotex. They have distinctive functions. They require different policy approaches. Designers of the first videotex systems imagined that every newspaper with current news and archives stored in its computer would be in a position to publish on videotex. With distribution problems solved, newspapers would be launched electronically into a new world of competitive journalism.

Limited practical experience has demolished this Utopian vision. It tends to show that one videotex system can serve a nation, as in Britain, and that one "electronic newspaper" or videotex news service of a general nature may be all that is needed, perhaps supplemented by a few specialized or regional news services. Because of its limited format, more suitable for reproducing headlines on the screen than in-depth news analysis, videotex probably will tend to centralize the "processing" of news for the mass audience. It may be more inimical to competitive journalism than are the mass media today.

In Britain, where the Birmingham *Post* has established Viewtel and called it "the world's first electronic newspaper", no national rivals have appeared to compete with this initial venture. After little more than a year in operation, Viewtel is convinced that it has already established an effective monopoly on Prestel, partly because of the limited nature of the news it provides and the limited videotex news requirements of the ordinary Prestel user. It is difficult to imagine another national "electronic newspaper" offering anything except the same headlines and the same brief reports of international, national, and local events taken from the same news services.

This state of affairs seems to be taken for granted within Prestel, where it is regarded as being extremely unlikely that anybody could set up in serious competition with Viewtel. If competition did emerge, it probably would be from another established newspaper group rather than from a new source. Within Prestel, it is believed that Viewtel will "corner the market" even more effectively as time goes on because it charges users nothing for its news pages on Prestel, employing them to attract attention to its advertising pages.

Videotex trials in Canada now involve a small number of newspapers and newspaper groups. There is some danger that these pioneers may quickly establish an effective monopoly in the provision of a news service that could become one of our most important. If there is to be a single national "electronic newspaper", at least at the outset, it should be developed either by a public agency or by a newspaper cooperative.

Many people who appeared before the Commission to urge the creation of a state-owned newspaper or "print CBC" were not aware that the CBC was close to producing an "electronic newspaper" on teletext. Once the CBC teletext service is in operation, it will be a potential supplier of news on videotex.

Canadian Press already supplies a primitive form of teletext for cable TV systems which provide a print summary of news to their subscribers. Extending this service to make it an interactive videotex information system would be logical, efficient,

and perhaps helpful to newspapers. Using CP might be one method of ensuring that part of the new revenues from videotex, earned by telephone or cable companies, could be used to sustain the journalistic base where news originates.

Some newspaper publishers predict that newspapers will become better in response to the challenge from videotex. If videotex supplies headlines and summaries of news, they say, newspapers of the future will become more like magazines, with more special features and editorial commentary. These forecasts do not confront the problem of producing this journalism of a higher order, by far the most expensive type, if advertising revenues of newspapers are threatened by videotex.

As videotex systems develop, the continuing viability of CP could be vital not only to newspapers but to the new medium. If videotex is going to be a market for the journalism produced by CP and its member newspapers, it is important that it does its share to maintain the quality of that journalism. Using either CP or a public agency as the primary "electronic newspaper" would reflect Canadian traditions and institutions.

Videotex systems in their entirety should also express a characteristic Canadian concern that communications systems be accessible to as many citizens as possible and that they serve national objectives. Even more than radio or television broadcasting, videotex will enable Canadians to communicate with one another, to share experience and knowledge with one another and, it is to be hoped, to understand one another better and to collaborate more closely in national endeavors. The creation of radio and television networks in Canada, and railroads in an earlier time, was inspired by a sense of national purpose. If videotex networks are to be the "railroads" of the information society, their financing structure will be as important and probably as contentious for Canadian policymakers as were the railroads in the 19th century.

In its relationship with the federal government, Infomart has been perceived as the "Canadian Pacific" of Canada's emerging information society. It would be in the Canadian tradition now to explore the "Canadian National" parallel. Commercial development of electronic publishing may not ensure accessibility and the development of an adequate national service. Governments in Canada could study, as the Saskatchewan government has, the parallel or perhaps prior development of a staterun "electronic railroad" or, as it is more commonly called, "electronic highway", with connections or gateways to both public and private databases.

News commentary and other types of personal journalism will benefit from the theoretical accessibility of videotex only if the new systems are structured to accommodate them. The role of government will be to ensure that videotex systems are as open as possible and that the "marketplace of ideas" that videotex could create is allowed to develop with a minimum of interference by government or corporate bureaucracies.

Canada is in a favored position to understand this new technology, to develop it, exploit it, and benefit from it. We have a solid foundation of theoretical studies in modern communications, largely because of the work of the economic historian Harold Innis, who died in 1952, and Marshall McLuhan, the media philosopher, who died in 1980. McLuhan, strongly influenced by Innis, altered mankind's appreciation of the influence of media.

Canada was one of the first countries to develop telegraph and telephone communications technology on a large scale and has consistently pioneered new applications. Technical progress has been accompanied by thoughtful attempts to develop appropriate communications policy at federal and provincial levels. In communications, as in transportation in an earlier era, theoretical work and practical experience have helped us to define the public interest and to develop a system of state enterprise and private initiative to serve our best interests. The history of telegraph, telephone, radio, and television systems in Canada demonstrates this concern and achievement perhaps more clearly than does the record of any of our other national endeavors. This strong tradition has been evident in our first approaches to videotex and the emerging problems of the information society.

The decision to develop videotex in Canada was seen from the start, in the words of Jeanne Sauvé when she was minister of communications, as "an opportunity to introduce a system designed and manufactured by Canadians, and developed according to Canadian social and cultural needs." It may be our last opportunity, she said, "to innovate and refine a Canadian technology that will ensure a strong domestic electronics industry and contribute to the strengthening and enrichment of our cultural sovereignty." 19

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Phil Mallette, Winnipeg

First selection in the Royal Commission's call for cartoons. (An explanation of the cartoon selection process is included in Appendix III.)

Conclusions and suggestions

EWSPAPER competition, of the kind that used to be, is virtually dead in Canada. The only market where there is anything like the old head-on competition, between two papers published at the same time of day and competing across the community, is French-speaking Montréal. It and Toronto are the only cities where there are three dailies; and in both, one of the three is aimed to be a "national" paper, in English or in French, for a more affluent or more intellectual readership over a wider area. In Toronto the competition otherwise is between a

morning tabloid and one "afternoon", broad-appeal newspaper.

This pattern is repeated in the very few cities where there are two papers under separate ownership. One is wholly or primarily an "afternoon" (in practice, mid-day or earlier) paper and the other a "morning" (printed in the early hours or, for some editions, the previous evening). Only the afternoon paper continues to be primarily geared for delivery to all households in the urban area; the morning paper is aimed (especially if it is a tabloid) at segments of the market, such as transit riders. While there is a degree of competition, it is certainly not the at-the-same-time, across-the-board battle of newspapers that used to be typical of large cities. In most communities, either only one paper of any kind is published or the two are morning and afternoon papers of the same proprietor.

The death of head-on newspaper competition is one culmination of a long process. This Commission was established because of the events that, in the summer of 1980, followed the purchase of the FP chain by the Thomson chain. The shape of the newspaper industry in English Canada was then dramatically changed by an agreement — we express no opinion whether or not it was a legal agreement — between the two largest of the remaining newspaper corporations, Thomson and Southam. Two papers, in Ottawa and in Winnipeg, were closed on the same day; and where there had been mingled Southam and FP interests, in Vancouver and in Montréal, Southam bought out its new partner.

The concentration of ownership was thereby underlined and concentration is accordingly blamed by many people as the killer of competition. In fact, the evidence before the Commission suggests that the head-on competition of two newspapers in Winnipeg might have ended sooner if the *Tribune* had not been owned by the Southam chain. The concentration of ownership in chains is, in the Commission's

view, bad. It should not have been permitted. But the objection to chains is not the elimination of old-style competition. That has died for different reasons: the death reflects the basic economics of newspapers dependent on advertising for 80 per cent of their revenues and competing, for advertising and for public attention, with broadcast and other media.

The economies of scale, leading to larger quantities of fewer products, are often thought of primarily in terms of production and distribution. Obviously, 200,000 copies of one paper cost less than 100,000 copies of each of two papers. The determinant, however, is cost in relation to the demands of the market, and the market from which the newspaper publisher draws most of his revenue is advertising. The advertiser wants to reach his potential customers at the lowest possible cost per customer. He is not interested in the readership, or viewing or listening, of people who are unlikely to buy his product. For many of the advertisers to whom newspapers are especially useful — particularly the big retailers — the potential customers are a whole urban community. One newspaper covering the general household readership gives them better value for their dollar than two competing newspapers possibly can.

For other advertisers, potential customers are more differentiated; they are, for example, younger people, or business people. In very large communities, there may be enough of this targeted advertising to support, as well as a broad-appeal newspaper, a tabloid of the Sun type, or a Devoir, or a Globe and Mail. To this extent, newspaper competition of a kind can continue because it is compatible with cost-effective media for enough advertisers. But in most communities, the advertising economies of newspaper monopoly are overwhelming. In all communities, undifferentiated competition between newspapers is as uneconomic for their advertisers as two telephone companies would be for their subscribers.

It is the reader who is thereby deprived of choice. Spokesmen for newspapers argued to us that this is no cause for alarm, because competing voices are provided through other media. The argument is unduly modest. While people now get much of their news and views from the broadcasting media, there are two significant ways in which print retains its primacy.

First, it is the medium of record, which generally gives more detail than the others, which explores issues in more depth, and which stands as the source to which people refer back. Second, the daily newspapers are still the main originators, gatherers and summarizers of news. Michael Sifton, who owns both of the principal newspapers in Saskatchewan, made this point very clearly to the Commission. He drew attention to the number of radio and TV stations competing with his papers, but his brief also pointed out that the journalistic staff of his two papers almost equalled the total staff, concerned with news and public affairs, of all the broadcast outlets. Further, it is the newspapers which through Canadian Press supply much of the news to the radio and television stations.

These two factors combine with tradition to maintain the newspapers as the principal external influence on the agenda of public affairs. There are, of course, many other forces acting on politicians and officials. But in the complex interplay of decision-making in a democratic society, the way the newspapers handle the news is, as it has been and in the Commission's opinion will continue to be, one of the main determinants of the society's affairs.

This is not said to downgrade other existing media, or the potential of screenprint (Telidon, etc.) as an impending new medium. The point is simply that newspapers, to which the Commission's mandate relates, are still of primary importance; further, the principles of our recommendations are, we suggest, applicable in some important ways to the other media.

In radio and television, however, there is a good deal of competition; and while magazines are quite segmented in their readership, they are numerous enough, and come and go easily enough, to provide at least some marginal choices for the reader.

The special responsibilities of the monopoly newspaper are awesome. In history, and still in current mythology, "freedom of the press" has been supposed to ensure the fulfilment of the newspaper's public responsibility. John Stuart Mill, and others before and since, in effect applied to information and opinion the same concepts that Adam Smith articulated for the production of physical goods: the competition of free markets creates an invisible hand to ensure that what is produced is what people will pay for, priced at the lowest possible cost. Freedom of the press would likewise ensure diverse expression and, by the discipline of competition, completeness and accuracy of public information.

In many sectors, the economic theory has been made unreal by the technologies and institutions that have created rigidities and power positions which Adam Smith could not envisage. It retains, nevertheless, vestigial elements of validity in some economic processes.

As much cannot be said for the concept of press freedom as the guarantee of responsibility. In a one-newspaper town it means nothing except the right of a proprietor to do what he will with his own. In a country that has allowed so many newspapers to be owned by a few conglomerates, freedom of the press means, in itself, only that enormous influence without responsibility is conferred on a handful of people. For the heads of such organizations to justify their position by appealing to the principle of the freedom of the press is offensive to intellectual honesty.

To say this is in no way to suggest that the press should not be free, any more than, when we recognize that Adam Smith is dead, we mean that we do not want enterprise and the good it does; we mean that the good is now achievable only within a very different institutional framework than sufficed at the beginning of the industrial revolution.

It is as important as ever that the press should be free from the interference of the state. But it should be free from other pressures too. The purposes of freedom can be achieved only if freedom is undivided, if it withstands all the forces that tend to restrict information and opinion. This was fully recognized in the excellent Statement of Principles adopted in 1977 by the CDNPA: the "overriding responsibility" of the newspaper "is to the society which protects and provides its freedom."

The same statement also said: "Freedom of the press is an exercise of the common right to freedom of speech. . . . The Press claims no freedom that is not the right of every person. Truth emerges from free discussion and free reporting and both are essential to foster and preserve a democratic society." In other words, freedom is not a right of the press. Rights belong to people generally. The relevant rights in a free society are, above all, the right of people to information about the things that affect them, and the right to participate in deciding what should be done, and not be done, by the common action of the society — that is, the right (again borrowing the words of the CDNPA) "to discuss, to advocate, to dissent".

Until quite recently, information on the things that affected most people was relatively simple. Today we are bombarded by information that is far greater in

quantity, and more complex in nature, than we can digest. To be even moderately informed, therefore, we depend increasingly on the services of intermediaries who select and interpret for us.

The most generally important of these intermediaries are the newspapers. Their old and difficult obligations, to be accurate and fair and balanced in their reporting, remain. The increasingly difficult task is to make reports of complex matters both accurate and interesting, with the necessary brevity. To go below the facts to their significance, to give the truth by interpreting without distorting, is even more demanding of the journalist's knowledge and understanding, perseverance and patience. To be well done, journalism requires both penetration and breadth of mind at least equal to those of any other occupation.

The Commission emphasizes what it regards as the essentially professional nature of the journalist's work. The professional — the doctor or the lawyer, for example — places his special skills at the service of the patient or client, to deal with problems which the layman does not himself know what to do about. The professional is in honor bound to use his judgment to do what is best for the health or welfare of his client. The layman has a closely analogous need for the journalist's services: to select from the mass of available facts the information which is significant to most of the newspaper's readers and to present that information in a way that is accurate, understanding, comprehensible, interesting, and balanced.

In the days of head-on newspaper competition, and in a less complex society, it was natural that most journalists should think of themselves, and should be seen, as practising a craft rather than a profession. It is equally natural that the adjustment of attitudes to a changed society and the role of the monopoly newspaper should take time. What is sad is that the organization of the newspaper industry is making the transition so very long. Many journalists are under-educated for their responsibilities. More are underpaid. Almost all lack the editorial leadership that would give them the understanding and the opportunity to perform the service that a free society now requires of them.

The Davey Committee said 11 years ago that the newsrooms of most Canadian newspapers were boneyards of broken dreams. Our investigations lead us to think that there are now fewer dreams to break. Some of the cynicism is the deeper one of not having had dreams. Journalists' confidence in their publishers is thin or worse. They are frustrated but, even more, confused. This malaise is, in the Commission's view, part of the price we pay for conglomerate ownership.

This ought not to have been allowed to happen. To say so is not to criticize the few companies which have gained ownership of most newspapers, which do not compete with each other, and most of which have extensive business interests besides newspapers. The law has not said that newspapers are different from other businesses, and these companies have simply used and extended financial power in ways that are entirely permissible under our business system. Whether that is a good system is not being debated in this Report, but to see it accurately, as it is, is important. It does not subject ownership to the market criteria of a maximum of individual investors making their own decisions. Instead, it encourages ownership to beget ownership directly. Corporate empire-building utilizes the cash flow from one business to buy another, by a process which is prime business for the financial institutions, even if much of that cash flow technically belongs to many shareholders.

In short, we live with strong forces toward the concentration of ownership in business conglomerates. The Commission is not commenting on that in general, but a threat made by Lord Thomson makes necessary one comment on his particular conglomerate. At our hearings he said that, while he would like to make his next major investment in Canada, he would not do so if people with other business interests were restricted in their right to buy newspapers; he indicated that such an unfriendly act would lead him to do his next takeover in the United States.

Since Thomson already owns more newspapers in the United States than in Canada, and has extensive interests in North Sea oil and in other businesses in Britain and elsewhere, for which the initial financing was based on the earnings of the early Thomson papers in Canada, a further decision to go outside the country would hardly be a novel response to new legislation. In any event, the investment that Canada needs is in the building of new industries, the venturing of capital and new technology, the creativity that makes our economy more productive. On the record, that is not what Thomson means by investment. It means simply acquiring the ownership of existing businesses to expand the grasp of a corporate empire.

In itself that does nothing for Canada. Whether the change of ownership leads eventually to net economic gains or losses, for the country, depends on many circumstances and corporate policies. What is certain is that, when the initial "investment" is simply acquisition, the direction of its eventual economic effects is unknown; the probability is that they will not be major, either way. They matter far less to the country than the raising of the quality of Canadian journalism above the level

hitherto provided by the Thomson organization.

Whether the country should change its general policy toward economic conglomeration is not the subject of this Report. We are concerned only about the special case of newspapers, the particular consequences of conglomeration on the way newspapers discharge their responsibility to the public. The effect is to undermine their legitimacy; it is to create a power structure of which the best defence, on the evidence of the principal corporate proprietors themselves, is that they do not exercise their power. In their evidence to the Commission they uniformly argued that the reason why there is nothing wrong is that they give free rein to the employees who are defined as publishers of particular papers. Many absolute monarchs in history might have made the same defence, but did not survive by it. Delegation does not change the ultimate locus of power.

It is in any event, a power that is wanted. The process of concentration has, if existing law and policy are unchanged, momentum. The major next extension is apparent. Southam spends millions of dollars a year employing more journalists and providing better newspapers than any hard-nosed business calculation requires. Clearly it is ripe for takeover by a conglomerate such as Thomson which will pay what the shares would be worth with the unnecessary costs eliminated and the bottom line improved accordingly. There are also surviving independent newspapers, some of them with owners who take the responsibility seriously, to be picked off.

With lower birth rates, all family businesses are exposed to increasing risk that in the next generation there will be no heir willing and able to carry on. Independent proprietors made to us very forcefully the point that this generational decline is powerfully reinforced by the tax system, specifically by the capital gains tax on deemed dispositions at death. Since it was argued to us that Canada is unique in this imposition, it should in fairness be said that most countries have succession or death duties;

among the developed economies, certainly, Canada is notable for the relatively low level of taxes imposed at death. This Commission recognizes the difficulty of the transfer problem for individual proprietors, but we cannot see adequate reason to treat newspapers as a special case. If the impact of taxation at death were to be lightened, it would have to be, in our opinion, by a general policy change applicable to all business.

In any event, no such change would do more than delay the tendencies at work in the daily newspaper industry. Under existing law and policy, the process of concentration will continue to a bitterer end: company will take over company, agglomeration will proceed, until all Canadian newspapers are divisions of one or two great conglomerates.

We are still some way from that monopolistic extreme. But where we are is, in the Commission's opinion, entirely unacceptable for a democratic society. Too much power is put in too few hands; and it is power without accountability. Whether the power is in practice well used or ill used or not used at all is beside the point. The point is that how it is used is subject to the indifference or to the whim of a few individuals, whether hidden or not in a faceless corporation. In a one-newspaper town there is little business motive to provide high quality in the monopolized product. On the contrary, the business motive is in most cases to make the product as low-cost as possible. The dissatisfied reader has no other local paper to turn to. The countervailing power of public opinion is therefore slight. It may be enough to make arrant abuse of corporate power rare. It cannot have much positive force to induce the corporation to provide the resources necessary to taking trouble to produce a newspaper that is informative and accurate and comprehensive and fair.

Within a chain, and even more a conglomerate, the personal attention given to a particular newspaper by the corporation's chief executive officer is necessarily limited. From the evidence of Lord Thomson to the Commission, it appears that he gives relatively more time to his newspapers in Canada than to most of the atoms in the molecule of his conglomerate. Even so, the average attention span per newspaper can be only a few hours a year. These are papers that mostly draw from their communities, where they are the only show of their kind in town, rates of return on capital that would make most risk-taking entrepreneurs feel that they had been elevated to a capitalist nirvana.

It must be emphasized again that, where newspapers are in anything near headon competition, profits come hard if at all. The losses of the Ottawa Journal and the
Winnipeg Tribune were real. But, once a newspaper is alone in town, the competition
of other media does not, generally speaking, prevent it from earning handsome profits. In their monopoly position, newspapers do not have to incur heavy editorial costs
in order to compete for readers. Thus the main route to profit maximization is to
minimize costs, and notably editorial costs. That is to say, they can take, as profit,
resources that are needed to do a good job for the public. Whether the profits are
distributed as dividends, or retained in the company for purposes that enhance the
capital value of the proprietor's businesses, is irrelevant: in neither case should profits be elevated too far above the costs of discharging the newspaper's public responsibility.

The financial information provided to the Commission has permitted us to calculate the amount spent by each newspaper on its editorial content, as a proportion of the newspaper's revenue from advertising and circulation. It might be expected

that the ratio would vary in a fairly consistent way according to the circulation of the newspaper and other economic factors. In fact, there is little correlation.

An accompanying table provides a "box score" for newspapers, based on the ratio of editorial expense to revenues averaged over the three financial years ending in 1978, 1979, and 1980. In making this calculation, the revenues and expenses of "two-in-one" papers, published from the same office, are necessarily counted as one. For the industry as a whole, editorial expense was 15 per cent of revenues. For individual papers the ratio varied from over 20 to under 10 per cent.

Some small newspapers spend relatively large amounts on their editorial content, but many others are near the bottom of the table. Papers of medium size, measured by circulation, are to be found at various levels. Many, but by no means all, of the largest papers are in the high middle of the range of editorial expense. Quebéc papers tend to spend more editorially than English-language papers. The larger "independents", such as the London Free Press and the Toronto Star, tend to be above the industry average. Of the Southam papers, 11 are above average and three below. Of the Thomson papers, eight are above average and 29 are below; of the eight above, three were at the time FP papers. (One paper now owned by Thomson did not report for the full three years.)

It is clear that the ratio of output to input — what is spent editorially for what is acquired in revenue — varies mainly according to the policy of the proprietor. It should be said that, except in the case of *Le Devoir*, the higher level of editorial expenditure in Québec, compared with the rest of Canada, may reflect the more competitive nature of the newspaper market. But in English-speaking Canada, at least, it is fair to say that a principal factor is the different value scales of newspaper owners when they weigh social responsibility against profit. Some are more inclined than others to maximize their profits through the poverty of the content they provide to their readers. It seems, indeed, all too true that while conglomerates do not bother with the editorial content of their papers, their main motive is not their concern for freedom; indifference is rewarded in dollars.

Profitability, however, is the small beer of the newspaper problem. The champagne is power over the minds of Canadian men and women.

A conglomerate controlling many newspapers may never use them politically to serve the other interests or prejudices of its principal officers. But it can. Who knows when and how it may? A corporation owning many newspapers may not discourage or downgrade editors and reporters who critically investigate, say, the oil industry in which the corporation has interests. But again, it can. Certainly it does not knowingly choose editors who will be critical of corporation policies.

The basic issue here is legitimacy. The most fundamental characteristic of a successfully free, democratic society is that the people and institutions exercising power in its various forms are generally felt to do so legitimately. They earn some consensus of public confidence; their motives are trusted.

That sense of legitimacy in their role cannot be generally attached to Canadian newspapers in the present extent and form of concentration of their control. The large proprietors themselves do not claim that it can. They say only that they do not use their power. But those who work for them, who gather the news and select and edit it, know that the power is there, setting the parameters of policy. That knowledge shapes the cynicism of the press. It is the journalists' sense of the lack of

Ranking of newspapers by editorial expense as a percentage of revenues, 1978-1980

Newspapers included are those with total weekly circulations over 25,000 and reporting for three financial years which ended during 1978, 1979, and 1980. The industry average of editorial expense to revenues over this period was 15.0 per cent.

Rank	Paper	Owner
Above avera	ge:	
1	Chicoutimi	UniMédia
2	Kamloops	Thomson
3	Le Devoir	independent
4	Winnipeg Tribune	Southam
5	Granby	Gesca
6	Sherbrooke Record	independent
7	Medicine Hat	Southam
8	Brampton	Thomson
9	Ottawa Le Droit	independent
10	Woodstock	Thomson
11	Windsor	Southam
12	Lethbridge	Thomson
13	Owen Sound	Southam
14	Brandon	independent
15	London	independent
16	Kingston	independent
17	Kirkland Lake	Thomson
18	North Bay	Southam
19	Sault Ste. Marie	Southam
20	Montréal Gazette	Southam
21	Le Journal de Québec	Quebecor
22	Saint John	Irving
23	Trois-Rivières	Gesca
24	Brantford	Southam
25	Québec Le Soleil	UniMédia
26	Ottawa Citizen	Southam
27	Vancouver Sun/Province	Southam
28	Toronto Star	,
29	Hamilton	independent
30	Fredericton	Southam
31		Irving
32	Penticton Toronto Clobo and Mail	Thomson
33	Toronto <i>Globe and Mail</i> Stratford	Thomson
		independent
34	Victoria	Thomson
Below averag	e:	
35	Kitchener-Waterloo	independent
36	Montréal La Presse	Gesca
37	Brockville	independent

Rank	Paper	Owner
38	St. John's Daily News	independent
39	Sherbrooke La Tribune	Gesca
40	Red Deer	independen
41	St. Catharines	independen
42	Prince George	Southam
43	Halifax	independen
44	Saskatoon	Armadale
45	Corner Brook	Thomson
46	Nanaimo	Thomson
47	Peterborough	Thomson
48	Vernon	Thomson
49	Fort McMurray	Bowes
50	Moncton	Irving
51	Regina	Armadale
52		Southam
53	Calgary Herald	Thomson
	New Glasgow	
54	Moose Jaw	Thomson
55	Winnipeg Free Press	Thomson
56	Sydney	Thomson
57	Le Journal de Montréal	Quebecor
58	St. Thomas	Thomson
59	Toronto Sun	Sun
60	Thunder Bay	Thomson
61	Chatham	Thomson
62	Truro	Thomson
63	Cambridge	Thomson
64	Timmins	Thomson
65	Prince Albert	Thomson
66	Edmonton Journal	Southam
67	Welland	Thomson
68	Belleville	Thomson
69	Barrie	Thomson
70	Niagara Falls	Thomson
71	St. John's Telegram	Thomson
72	Orillia	Thomson
73	Charlottetown	Thomson
74	Grande Prairie	Bowes
75	Sudbury	Thomson
76	Oshawa	Thomson
77	Lindsay	independen
78	Cornwall	Thomson
79	Pembroke	Thomson
80	Kelowna	Thomson
81	Guelph	Thomson
82	Sarnia	Thomson

legitimacy that saps away the contribution that newspapers could and should make to the vitality of the country.

No one who has been close to newspapers can doubt that in fact the power exercised by a chain, shaping the editorial content of its newspapers, is pervasive. Head office appoints the publishers, who appoint everyone else. They control budgets and, in some cases, control expenditures in fine detail. They operate with a string of interchangeable publishers and understood administrative norms. To suggest that they foster editorial independence is, as is said in French, to dream in color.

One of our witnesses who urged that we should recommend nothing, that the status quo is satisfactory, summarized his sentiment in the remark that the state has no place in the newsrooms of the nation. We agree. No one, no interest, has any place in the newsrooms of the nation except editors and reporters doing their professional job, to the best of their ability. The problem is that there is another presence: not the state, but outside business interest. It is visible and brutal when — to take an incident that occurred during the Commission's work — a senior officer of Torstar Corporation killed the informative story written by the staff of the Toronto Star about Torstar's acquisition of most of the larger weekly newspapers in metropolitan Toronto which it did not already own. The jettisoned news story was replaced by the brief statement, uninformative to the point of being misleading, issued by the corporation.

That particular incident is remarkable chiefly because it happened at a newspaper which, in general, was less sensitive to business interests than most. But it illustrates clearly how, if the owners of newspapers have other business interests, the wells of truth are suspect. The presence in the newsroom is not normally visible. But it is there, the ghost at the party, and it sets an important part of the rules. It is by no means insignificant among the factors that contribute to the pervasive sense, in contemporary society, of the individual's alienation from the remote forces that control his or her fate.

The fundamental judgment stands whatever view is taken of the actual performance of Canadian newspapers. It in no way implies that chain-owned newspapers are always worse newspapers than papers that are independently owned. On the contrary, past complacency about chain ownership reflected the fact that, for a considerable period, the first and only conspicuous chain was the Southam organization, most of whose papers did and do now compare well with most others. While there never was any such regard for Thomson papers, few people saw them as a great problem as long as they were confined to relatively small communities where monopoly was unavoidable. It was only as the FP chain acquired leading newspapers in several major cities that the dangers of concentration became apparent. And even then neither public nor government can be blamed for failing to foresee that the ambitions of the FP management would so exceed their business grasp that the chain would quickly become vulnerable to takeover, and the taker would be the conglomerate Thomson organization.

It is easy, in short, to understand how we have drifted into the situation we are in. This Commission does not write in any spirit of indictment either of the newspaper industrialists who have created the situation or of the governments who have permitted it. Biological analogies are not always applicable. It was possible to stay a bit pregnant for a considerable time. But if we are understanding about that, we must be equally clear that what was nurtured, and in 1980 came suddenly to birth, is mon-

strous. The structure of the newspaper industry that has now been created, that existing law and public policy have permitted, is clearly and directly contrary to the public interest.

The dilemma facing the Commission, working after the birth, arises from this recognition at once of the monstrosity of the outcome and of the naturalness of the process that has led to it. We must propose how public policy and newspaper practice can be altered so that the service of newspapers to the Canadian community is greatly improved. But we must also so design those alterations that they do not unreasonably disrupt structures that have evolved naturally and legitimately under the law as it has been.

Suggestions to the industry

The Commission received many suggestions as to what should be done. Some have been referred to specifically in earlier chapters of our Report. In this section we will discuss those which are for the industry's own action, rather than proposals to government. There are three main areas of concern which emerged strongly in our hearings, and which lead to suggestions that we wish to pass on to the newspapers.

We have emphasized the professionalism that should be the spirit of journalism. We do not mean that journalists should be members of associations backed by statutory powers to control admission to membership. We do mean that they should feel themselves to be bound by a professional spirit — and that both they and their employers should be deeply concerned about the standards of education and training of those who practise journalism.

At present, not much is done in most newspapers about training on the job, and most give little support to outside training. We are not enthusiastic about schools of journalism at the bachelor or first-degree level. We hope that journalism will be the career of more and more people with degrees in a variety of subjects — in political science and in the physical sciences, in economics and in languages, in business and in history, to name only some. For those who, before or after gaining practical experience, can broaden their relevant education, schools of journalism at the master's level should be conducted in close association with disciplines such as public administration and business administration. While they must be concerned with the functions of the press itself, and particularly with the arts and science of communication, it is equally important that they help to broaden the journalist's understanding of the society he or she serves.

We believe that it is greatly in the newspapers' own interests to give more support to education of that kind, through the universities, through the kind of travel and experience they can offer directly to their staffs, and through institutions designed specifically to achieve these objectives. It is absolutely fundamental in today's world that, given the responsibility that society imposes on our journalists, they must be equipped for the task. The "general reporter" of legend is needed, but our society has become too complex for the interpreters of the daily information we rely on not to be adequately trained.

We suggest therefore that a national training foundation, or institute, be established to provide a broad variety of long-term courses, seminars and workshops. This foundation could be a vital element in providing journalists with the range, the expertise, the professionalism they need. So that no taint attaches to it, such an institute should be funded by those people who have the keenest self-interest in the better

journalists it could produce — the CDNPA, with the support of, for example, the Canadian Managing Editors' Conference and the Centre for Investigative Journalism. Chains and individual newspapers might contribute directly, as well as through CDNPA. Whether the financing of the institute is handled through a fund, supplied by pro rata assessments on newspapers and organizations in the industry, similar to CP membership fees, or some other mechanism, should be for the industry to decide.

If such a fund were created — and we consider that to be an excellent approach — one of its uses should be to enable reporters and editors to take special leaves or sabbaticals to work with, and within, business, labor, government or whatever field their journalistic interests have led them to. This would enable reporters and editors to specialize, to become genuinely knowledgeable in specific areas, and help to do away with some of the worst aspects of the "beat shifting" practice which reporters complained to us about.

The institute could be well used to help the country's smaller papers to train and upgrade the qualifications of their staffs. If the central resources were provided by the industry at large, use of the resources could be brought within the financial reach of many smaller papers.

The industry has been very slow in these matters. We do not propose government intervention but we would urge that the journalism schools together take the initiative to approach the industry and press for the creation of a strong institute.

We would also urge newspapers to become actively involved in in-house training programs, not merely to deal with specific reporting problems but to serve as a vehicle for better understanding between, say, management and unions and between management and editorial people. Useful in this connection would be an extension of the present short-term courses, seminars and workshops conducted by the CDNPA, adapted for in-house use by individual papers. We have also been made aware that more Canadian newspapers are considering the appointment of staff training or professional development officers, an advance that should be embraced with enthusiasm. Generally, any measures taken by newspapers, individually and collectively, which help to improve the quality of journalism in Canada should be welcomed both by the journalists and the newspapers they write for.

A good deal was said to us about press councils. We think that newspapers which do not become enthusiastically involved in the establishment and operation of press councils are exceedingly short-sighted. We wish that more newspapers had heeded the Davey Committee in 1970 when it *pleaded* for press councils. They have been established in only three provinces, and of those only Québec has a press council with something of the vigor and authority envisaged by the Senate Committee. The Ontario council's effectiveness is weakened by its limited membership, and the Alberta council is, at most, a pale imitation of the model.

Yet the entreaty of the Davey Committee rings as clearly and compellingly as it did 11 years ago. There is today, even more than in 1970, a "communications vacuum" between people and press, a vacuum that lively and dedicated press councils could do much to fill. We differ somewhat from the Senate Committee's view in that we do not urge the formation of a national press council. Regional dissimilarities are illustrated by the different ways in which the Québec and Ontario councils have developed. But we strongly favor provincial or regional councils.

We have said much in this report about legitimacy and credibility. It seems to us that there is no better way in which newspapers, in a free and voluntary fashion, can achieve the credibility they so much need than this: press councils, standing voluntarily between press and public, honestly trying to interpret each to each, to demonstrate uniquely that newspapers are accountable, are actively striving to do right by the reading public.

Sincerity in a newspaper needs to be seen plainly, for the truth is that, in the business of gathering and disseminating the news, human frailty plays a predictable part. Reporters and editors can be, without meaning to be, very arrogant. The news is what they choose to report and print. That which they choose to ignore is not news; it does not see the light of day. And from this sort of arbitrary judgment there must be redress, if redress is wanted. The newspaper which is confident in its honor, in its desire to deal honestly, openly, and straightforwardly, will welcome its faults being pointed out to it by a press council.

There is another way in which newspapers can strengthen immensely the regard for fairness and accuracy that people can see in them. That is by the appointment, from within their own staffs, of ombudsmen to be their own most severe critics and,

at the same time, actively to involve public opinion in their conduct.

There are excellent precedents. In the U.S., there is the example of the Washington *Post* which, to vouchsafe its sincerity, inducted someone from the rival newspaper to be its ombudsman. In Canada as well there are fine examples of aggressive, conscientious newspaper ombudsmen who assumed their role with great zeal. First in the field was the Toronto *Star*. It gave to the journalist it appointed to the role free rein — to take up issues hitherto not made public, to interpret and arbitrate points of view, to fight with the operating editors if need be. The late Winnipeg *Tribune* had a respected ombudsman. The Edmonton *Journal* has one who testified before this Commission that his activities had made management at the paper more sensitive to the public's wants and needs. In Québec, at this writing, the *Gazette* has appointed an ombudsman and *Le Soleil* is planning to do so.

As with press councils, it is not appropriate to legislate on this subject. It is the very essence of this self-policing mechanism which a newspaper may put into place that it must be voluntary. If it is not voluntary it will not work. But, if a newspaper genuinely embraces and endorses the ombudsman role, if it assigns to that position someone already respected in the community, if it stands behind that person in all respects — with money, resources, space — then that paper gains something extraordinary.

In the last analysis, it is chiefly the newspapers that can help the newspapers. The law can provide a better environment for those within the industry who wish and are able to give leadership in the discharge of the newspapers' public trust. But the action must lie with the newspapers themselves. That is the meaning of their cherished freedom.

Remedial action by government

The suggestions made to the Commission for remedial action by government can be grouped into seven categories:

- (1) Strengthen competition or anti-combines legislation.
- (2) Break up the chains, so that we revert eventually to one newspaper, one owner.
- (3) Prevent cross-media ownership.
- (4) Subsidize newspapers that would otherwise go out of business and new newspapers.

- (5) Create a publicly owned newspaper or chain of newspapers, somewhat on the model of the CBC.
- (6) Create a regulatory agency (the CRTC being the most-quoted model), whose powers might run all the way from ownership review, allowing or disallowing the growth of chains, to compulsory press councils, licensing, the regulation of content and even censorship.
- (7) Require private printing plants, or create government plants, to print papers on contract for a variety of newspaper publishers.

There have been many variations on these themes and some proposals which do not fit exactly into the above summary descriptions. Our concern, however, is to discuss the main ideas involved.

It is not the Commission's business to make recommendations about competition legislation in general. We do not see how it could now be more than marginally relevant to newspapers. The sad fact is that direct competition has virtually disappeared. The economic pressures that have produced this result are strong and continuing. It may be that these pressures could have been resisted if there had been stronger competition legislation in the past, though we very much doubt that it could have been effective in more than a few situations, if any. It is, in any event, now too late. Legislation to prevent firms from lessening competition among them cannot, however thorough the legislation, recreate competition among businesses that no longer exist.

Breaking up the chains is a very different proposal. Certainly it is possible. Certainly it would have benefits. Equally certainly, it should not be undertaken lightly: it would mean the disruption of structures that have developed entirely legally and in accordance with widespread business practice, as the law and practice have been and are. Moreover, it would not in itself deal with the problem that is, in the Commission's view, the central obstacle to the discharge of the newspaper's responsibility to the community. That obstacle is the ownership of newspapers, whether individually or in chains, by companies or individuals who have extensive other interests. They may regard their newspapers as no more, or little more, than one of their businesses. Their legitimacy as newspaper owners is always open to doubt because the conduct of their newspapers may be influenced by their other interests.

The CDNPA's Statement of Principles, referred to earlier, again puts the point clearly: "Conflicts of interest, and the appearance of conflicts of interest, must be avoided. Outside interests that could affect, or appear to affect, the newspaper's freedom to report the news impartially should be avoided."

That this principle is ignored more than observed does not affect its validity. But we would be no nearer to its observance if the chains were broken up but the purchasers of their properties were companies that themselves had extensive other business interests. Indeed, given that one major chain (Southam) has kept itself relatively free of other interests, the situation could on balance be worsened.

It may be said that the main part of this problem is avoidable. Legislation requiring the chains to sell their newspapers could provide that the purchasers must be companies or persons without substantial other interests. But if we recommended such massive divestment, there would be a serious question as to how many purchasers would be available for the some 80 newspapers that would be up for sale at the same time. The consequence could be of the nature of a fire sale. One does not have to have great respect for the owners of the chains to say that, having accepted them

previously, Canadian public policy should not force them to that extreme. We would, however, require that the Thomson organization choose between divesting itself either of the *Globe and Mail* or of the rest of its Canadian papers. There are far too many of them for it to be acceptable that their proprietorship be combined with that of a professed "national" paper.

The other approach recommended by the Commission is to deal directly with the basic issue of legitimacy arising from outside interests. In our recommendations we will propose that, for any newspaper whose proprietor has substantial other interests (other newspapers or other business of any kind), there must be a mechanism that establishes editorial independence in the newspaper's content. We do not mean that the editor will become indifferent to the finances of the newspaper itself. Care for a reasonable return from the particular business of his newspaper will continue to provide the parameters within which the editor must operate. But beyond that, his is a public trust. He should be free from the influence of other proprietorial interests. We propose, in the next chapter, processes that will serve this purpose.

This does not, admittedly, deal with by any means all of the ill features of chains. We would prevent their further growth; we propose continuing review; and we recommend some divestments which would remove the most restrictive cases of ownership dominance. We have recognized that, unavoidably, newspapers now are for the most part local monopolies. But localities exist within provinces and regions and the nation. There may be only one newspaper in Regina and one in Saskatoon, but there would be a better flow of information for the people of Saskatchewan as a whole, and a greater diversity of expressed opinion, if those two papers were in healthy competition for the premier position as spokesmen in Saskatchewan. They are not effectively so if, as now, they are in common ownership, and the only other papers in the province are small, low-quality papers in Moose Jaw and Prince Albert, both owned by Thomson, and an even smaller Sterling paper on the Alberta border at Lloydminster.

The situation is paralleled, or worse, in some other provinces: conspicuously in New Brunswick, by the Irving interests. The situation in Newfoundland is not much better. And there are areas within provinces where one chain dominates: in the interior British Columbia area of the Okanagan, by Thomson; and in southeastern British Columbia, by the Sterling group. In several other regions, the role of either Southam or Thomson is larger than it should be, particularly given that Thomson now combines its strong regional positions with a national paper.

In Québec, there is not, in this respect, the same problem as in English-speaking Canada. The French-language press of the province is dominated by three chains but, as has been pointed out earlier in the Report, readership is less bound to locality. The Montréal and Québec City papers circulate extensively, and *Le Devoir* is a "national" paper in the French language in a fuller sense than the *Globe and Mail* yet occupies that role for English-speaking Canada. In consequence, there is no strong regional dominance by any one of the three chains operating the French-language press.

The third group of recommendations made to us can be discussed more briefly: daily newspapers should not be allowed to own other media — television, radio, cable, weekly newspapers. We can see no strong reason for this recommendation when the different media are quite distinct geographically. There is an infinity of more worrisome things than an Ontario daily's ownership of a weekly in Alberta.

But common ownership of different media in one community is clearly a restriction of competition, a lessening of the diversity of voices providing information and expressing opinion. Our recommendations call for divestment in such situations.

Various kinds of subsidies in support of newspapers were suggested to us. In a few European countries, subsidies have sustained a competitive and lively press when unprofitable papers would have closed without them; and there are adequate safeguards against government using the subsidies to manipulate the press. We might be better served in Canada today if such a policy had been adopted a good many years ago, when there was still a considerable number of communities with second and third newspapers that might have been sustained. Today such a policy would be relevant to, at most, a few very exceptional situations — in St. John's, in Moncton (for the French-language paper), perhaps in Montréal, possibly in Calgary. Because it would be so selective, an unavoidable suspicion of partisanship would attach to it. We heard no convincing argument that the great difficulties in administering such specific subsidies, including adequate safeguards against abuse, would be worth grappling with, that the means would be justified by the ends.

Some case was made to us for another kind of subsidy: to launch new newspapers, and particularly to re-establish second dailies in at least the largest of the cities that have lost them. Subsidies for those who need them are, superficially, a tempting idea. The objection seems to the Commission clear and overwhelming. We do not see how partisanship or favoritism of one kind or another could be kept out of the decisions as to whom to subsidize and whom not. Whatever was done, manipulation would be suspected. The price to be paid for competition would be too high.

This does not mean that the Commission rejects all ideas of financial assistance. We recommend tax measures that would encourage quality and provide some help to sustain struggling marginal newspapers and some encouragement to starting new newspapers. We also recommend grants, on a matching basis with the industry, for some specific improvements in newspaper services. The common characteristic of our proposals, however, is that they would avoid the arbitrariness, and potential abuse, of decisions to grant or to withhold subsidies. Our proposals would operate automatically, on a statutory basis ensured against early amendment. They would respond to a newspaper's own decisions. There would be no element of choice, and therefore opportunity for manipulation, by government.

Several witnesses suggested that we advise the establishment of a government-owned newspaper or chain of regional editions. "Print CBC", the label most commonly applied to such proposals, is a deserved tribute to the electronic CBC. Its English-language radio service, in particular, provides news, analysis and commentary of a standard that all journalists must respect. The CBC's independence from government interference is a matter for pride by the CBC itself, by the politicians of successive governments, and by the public generally which has supported independence and paid the bills for the CBC's quality.

The Commission's consideration of this proposal has not reflected any lack of regard for the CBC. Nevertheless, we do not recommend the establishment of government-owned newspapers.

The CBC was created when radio was at a relatively early stage. It participated with private stations in an expanding industry. In the case of television, it was in on the ground floor; private stations came after.

The newspaper industry, in contrast, is mature. Indeed, in its present form it could soon be a declining industry. The introduction of a government service in these

circumstances would involve issues very different from those that applied in the electronic media. It would compete with existing private enterprises; if it gained significant readership, it could well put some out of business.

Moreover, there has never been any question that the broadcasting media, however owned, must be subject to government licensing. It must be recognized, too, that the realities of federal-provincial power and resources have changed since the time when the CBC was established as a federal organization. If there were going to be any government newspapers in Canada, it would be easier today to conceive of, say, the Alberta (government) *Guardian* than the Canada *Maple Leaf*.

We have, also, a more fundamental concern. The electronic media are the means by which the politician reaches directly to the people; they get him into the home. However much he may feel that television and radio coverage are unfair to him, that the CBC's coverage is biased or subversive or whatever, he has the countervail of himself speaking directly through the same media. That does not make the CBC's independence of the government which finances it altogether easy; but it helps.

Print is different. Reporting as such would be more significant in the proposed publicly owned newspaper than it is, for the politician, on radio and television. The temptation for the government to interfere would be correspondingly stronger. It would be heightened by there being less competition in print than there is for the CBC on the air. Moreover, it must be remembered that radio and television stations developed in this century without any tradition of partisan identification, whereas people expect newspapers to have political views. They would not easily believe that a government paper did not.

Even so, we would not despair of Canadian politicians keeping their hands off newspapers for which they voted the funds. But it would be difficult. And therefore there would be continual public suspicion, kept alive — however objective the newspaper in fact was — by frequent allegations of bias by politicians of all parties and interests of all kinds. The journalists operating the paper would have a hard time establishing its reputation for objectivity so firmly that the complaints and criticism could be contained to a manageable volume. It seems to us that they would succeed only at the expense of depth and liveliness in their work.

In other words, a government newspaper that could establish and retain its independence would be bland, and very dull. It would avoid being manipulative, or at least constantly open to charges of so being, only by being an expensive nullity. Either way, we do not see it as a solution to the newspaper problem.

The Commission received suggestions for many kinds of regulation of newspapers. They included compulsory press councils and content regulation of various kinds. Some people, incensed by the more objectionable features of certain newspapers, even proposed censorship in different forms. One may sympathize with the motives but the Commission cannot recommend any such measures.

Careful definitions are important here. We do not consider that government is interfering with the freedom of the press by creating a statutory framework within which newspapers must be structured. But it is quite a different matter to regulate what a newspaper actually does, within the given framework. An analogy was sometimes drawn with the CRTC, conferring broadcasting licences and prescribing types of content. We do not consider the analogy valid. In broadcasting there are specific reasons for licensing the use of channels and, some believe, for maintaining

Canadian content. There are no parallel reasons for regulating newspapers. The Commission does not see any justification for the prohibitions that might be imposed. We do not see that any requirements which might practicably be laid down would have positive value in improving the quality of newspapers. Our recommendations therefore stand on the broad principle that the state should stay out of detailed regulations unless there are clear and specific reasons for them. There are such reasons for influencing newspaper structures by statute. There are not adequate reasons for regulating the content of newspapers.

Interesting proposals were made to us by the Canadian Labor Congress (CLC). They are similar to proposals made in Britain by the Trades Union Congress (TUC) and rejected by the last Royal Commission which investigated the British press. The suggestion is that existing companies should be limited to owning their printing presses. Use of the presses would be rented out to new publishers of newspapers. The theory is that, freed from the necessity to make large investments in physical plants, more people would publish newspapers.

We doubt that the response would be significant. It is true that a printing plant is more efficient if it is used for more hours of the day: for example, to produce both morning and afternoon papers. Plant costs are not, however, a major part of the total of newspaper costs, which include distribution and advertising departments and promotion, as well as direct production costs (notably newsprint) and editorial costs. The arrangement would be effective, resulting in two permanent papers where now there is one, only if there were good grounds to believe that the community would buy in total considerably more copies than it now does, so that the new paper would gain a lot more circulation than the first would lose to it.

That this would be so, in many cities, is in our opinion unlikely. Consequently, we think that the CLC proposal for existing plant, together with similar proposals for government-owned new plant, would fail to increase the number of economically viable, self-supporting newspapers. It would result in more newspapers — more, that is, than an odd few — only if the statutory separation of plants from publishing were combined with extensive government subsidies both to encourage additional papers and to keep the present papers going. That, rather than the separation as such, would be the real change; and we have previously said why we think that the risks of manipulation of the press through subsidies make them, at this stage in Canada, too high a price to pay for more newspaper competition.

Nevertheless, there is an element in the proposal that seems to us valid. It is the idea of separating content and carrier. It is an idea borrowed from the newer media, and one of the reasons for considering its application to newspapers is that it could help to provide the most effective way of moving into the future when a technology like the so-called electronic newspaper may make more competing voices possible.

The danger is that the existing companies may own all the new hardware and the additional voices will therefore in practice be merely further versions of the present voices, rather than new and competitive. One of the essentials for preventing that monopolization, it seems to be generally agreed, is the separation of carrier and content. In the Commission's opinion, this is critical to making the new technology an instrument for diversifying and democratizing the sources of information and opinion. If, however, we are to apply that new idea to an older instrument, to newspapers, we must be clear that the critical separation is not a physical one, between plant and product. It is a separation of financial interests.

The "carrier" of daily printed news and views is not the printing plant; it is the printed advertising which provides most of the newspaper's revenue. The "content" is what goes into the rest of the paper; in the jargon of the business it is the news hole, all of the space devoted to non-advertising material, to news and features and sports and editorials and all the rest.

The public interest in the editorial content, in the fulfilment of the newspaper's professional responsibility to the community, is that editorial judgment should be free from outside financial interests.

This is the basic conclusion of our inquiry. The conglomerates should be kept out of the newsrooms. They claim that they are not there now; they have the power but they abstain. The reason for the claim is clear: they recognize that, to the extent that they are believed to be there, the newspapers do not enjoy public trust, they do not have legitimacy as the servants of a free society. The newspapers do not stand high in public esteem because, while the claim to abstention is made and only rarely identified as a lie, every reasonable person knows that it is far from the whole truth. The corporate proprietors or their agents determine the resources to be used for the newspaper's content, they choose the people, they set the tone, they establish the implicit guidelines for the what and how of news and the why of acceptable comment. They make their disclaimers in the morning but they go to bed knowing that their trusted agents keep their papers on their lines.

The purpose of the Commission's recommendations is to implement the public words of the corporations. It is to enable the people of Canada to be assured that the responsibilities of newspapers to the people are in fact discharged according to the principles that most of the proprietors themselves, through the CDNPA, have identified as a public trust.

Jurisdiction

The Commission has concluded that the public's right to open and untainted information cannot be ensured without structural changes in the newspaper business of Canada. The first question to be asked is whether an attempt to secure this public interest is legally possible. Is the required legislation within the constitutional jurisdiction of the Parliament of Canada?

We consider that it is.

Clearly the Government of Canada, in commissioning us to inquire generally into the newspaper industry and make recommendations, considers that federal jurisdiction applies. There is no need here to repeat the jurisprudence which has established that legislation affecting the freedom of the press is *ultra vires* of the provinces. Critics of our proposals will protest that they are government interference with the freedom of the press. They are not. But it should be clear that, if they were, there would be no need even to consider the question of jurisdiction. In that case, the statute we propose could not possibly be legislated by a province in respect of its newspapers. It unquestionably would come within the matters that are not assigned to the provinces; it would be dealing with matters that can be legislated about only by Parliament for Canada as a whole.

In fact, the legislation we propose does not touch on freedom of the press as it is usually understood; that is to say, freedom from government interference. But it is directly concerned with freedom of the press from restraint by influences outside government. Its concern is not to diminish freedom, but to enhance it.

The rights of a society belong to people, not to any organization or institution. The basic right is the right of all citizens to the opportunity to know about the things that matter to them, to discuss those things freely, to express their opinions about them. This double right — neither half of which is significant without the other — is to information and to expression. The press, as the CDNPA well said in its 1977 Statement of Principles, has no freedom that is not the right of every person. The freedom is not of the press as an institution, as a collection of business enterprises hiring journalists. It is the freedom of people, of which one essential instrument is an unshackled press.

Shackles can come in various forms. They can come from government, by edict or by more subtle means. Equally, however, in our pluralistic society they can come from non-governmental institutions and bureaucracies, from the play of commercial interests; they can come from within the corporate structure of the press if that press is organized not merely as a business in itself but as an element in, and therefore potentially a servant of, broader business interests of many kinds.

This Commission was occasioned by an arrant display of corporate power, when newspaper interests were traded from Vancouver to Montréal and, in between, newspapers were closed in Winnipeg and Ottawa. But its roots also go back to the Bryce Commission which a few years ago studied corporate concentration and, while it found on economic grounds little fault with concentration as such, remarked:

It is the trend of one medium expanding into other media areas and of ownership of media interests by industrial or commercial interests that seem to us the most significant to the public interest at this time and the areas where the greatest concern should be focused.

That report was made before the FP newspaper chain, which had had the largest circulation of newspapers in Canada, was taken over by the Thomson conglomerate interest, which already embraced the largest daily newspaper ownership, by numbers of papers, within a massive range of Canadian and international business interests.

We have tried in this Report to define the responsibility of the press: the responsibility above all to be the medium of record providing, by disinterested selection, investigation and interpretation, the information that is significant to the lives of Canadians in as comprehensive, balanced, fair, and understandable a way as is humanly possible. The adequate performance of that task is essential to the free democratic system of government which is the basis of the constitution of Canada. We cannot allow it to be tainted or subverted by commercial, any more than by political, interests and ambitions.

Words more eloquent than ours have been written on these fundamental principles in many countries and many languages. We will limit ourselves, for illustration, to Justice Hugo Black, on behalf of the Supreme Court of the United States, in the case of Associated Press et al v. United States (1945), referred to earlier:

Surely a command that the government itself shall not impede the free flow of ideas does not afford non-governmental combinations a refuge if they impose restraints upon that constitutionally guaranteed freedom. Freedom to publish means freedom for all and not for some. . . . Freedom of the press from governmental interference under the First Amendment does not sanction repression of that freedom by private interests.

For Canada, we cannot do better than refer back to the words of an earlier Royal Commission, the O'Leary Commission on Publications (1961):

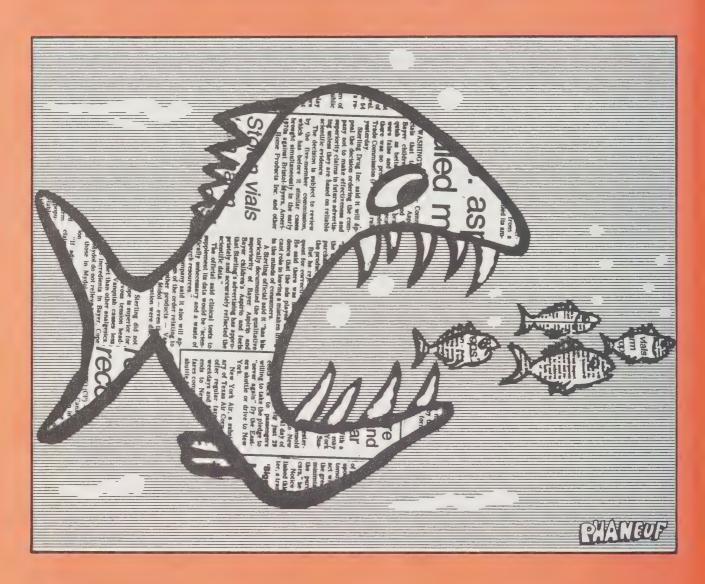
There is need to remember that freedom of the press is not an end in itself, but only a function of general intellectual freedom; to remember that no right includes a privilege to injure the society granting it; to understand that a great constitutional doctrine cannot be reduced to a mere business convenience. . . . There must be few left to deny the right — indeed the duty — of the government to act again if faced with demonstrable community necessity.

We believe that our inquiry demonstrates the community necessity. It is a necessity for the Canadian community. The legal advice to the Commission, and the Commission's view, is that the legislation proposed is clearly in federal jurisdiction. Its objective is to enhance the freedom of the press. Its method is to enhance the legitimacy of the press within the structure of our society. That is to say, it is addressed to enabling the citizens of a free society to feel as confident as possible that the newspapers they read are motivated to discharge their responsibility to that free society.

The conjoined requirements of the press, for freedom and for legitimacy, derive from the same basic right: the right of citizens to information about their affairs. In order that people be informed, the press has a critical responsibility. In order to fulfill that responsibility it is essential that the press be free, in the traditional sense, free to report and free to publish comment as it thinks; it is equally essential that the press's discharge of its responsibility to inform should be untainted by other interests, that it should not be dominated by the powerful or be subverted by people with concerns other than those proper to a newspaper serving a democracy. "Comment is free," as C.P. Scott, one of the greatest of English-speaking editors, wrote, "but facts are sacred." The right to information in a free society requires, in short, not only freedom of comment generally but, for its *news* media, the freedom of a legitimate press, doing its utmost to inform, open to all opinions and dominated by none.

The common roots of the press's two requirements, its freedom and its legitimacy, are the basic rights of the citizen in a free democratic society. They are expressed for all of Canada, not for constituent parts; they are the rights of all Canadians, of all groups and regardless of location. As subject matters of legislation, therefore, they fall clearly within the jurisdiction of the Parliament of Canada. They are fundamental to our kind of society and government. Legislation to secure the public's right to information through the press is therefore a matter within federal jurisdiction for exactly the same reasons that the jurisprudence has established beyond question for the freedom of the press in the narrower sense.

The fact that federal jurisdiction is clear does not necessarily mean that it is exclusive. There are subjects on which both Canada and the provinces may legislate. In this respect, there is not a precise parallel between the freedom of the press in its traditional sense and the affirmative legislation necessary to secure its freedom from non-governmental interests. The conventional requirement for freedom is, in a legislative sense, negative: it requires that government not have power to interfere. Legitimacy, however, requires positive government legislation in face of private interests. Some of this may relate to matters which, while undoubtedly in federal jurisdiction, may be capable also of legislation by a province. Accordingly, we propose a Canada Newspaper Act but we would see no objection — on the contrary, we would think it desirable — if provincial legislatures passed parallel legislation in relation to matters within their competence. The enactment of our proposals is not, however, dependent on such concurrence.



Jean-Marc Phaneuf. Belœil, Qué.

14 Recommendations

N THIS final chapter we set out our recommendations to the Government of Canada. We propose a Canada Newspaper Act designed to secure for the press of Canada the freedom that is essential to a democratic society from coast to coast. We consider that this is necessary for the press's fulfilment of its responsibilities to the public, contributing to what our terms of reference summarized as "the political, economic, social and intellectual vitality and cohesion of the nation as a whole".

To that end the press must fully retain its traditional freedom from interference by government. But, in all matters, freedom requires not only the absence of government shackles but also the affirmative action of law to protect society against the chains that its powerful minorities may impose on others.

The ownership and control of most newspapers is today highly concentrated under interests whose business concerns extend far beyond the particular newspaper. Much of our press, consequently, is not itself dedicated exclusively to the purposes of the press, to the discharge of its public responsibility. Extraneous interests, operating internally, are the chains that today limit the freedom of the press.

Because we are the kind of society we are, the bonds are not drawn tight. Because we are the kind of society we are, the Commission feels no need to recommend a dramatic striking off of those bonds. We do find it essential that there be legislation to enable the press to grow out of the weaknesses fostered by extraneous commercial interests.

The legislation we propose has the following main features:

- (1) It would prohibit significant further concentration of the ownership and control of daily newspapers and of the common ownership of these newspapers and other media.
 - (2) It would correct the very worst cases of concentration that now exist.
- (3) It would provide an incentive to the wider ownership of newspapers that change hands, and of new newspapers and magazines.
- (4) It would raise the status and enhance the freedom of journalists by protecting their rights, if a newspaper is under an ownership that has major interests outside

the newspaper, and provide an opportunity for the voice of the community, whose citizens have a particular stake in the quality of the local newspaper, to be heard.

- (5) It would establish, in conjunction with the Canadian Human Rights Commission, a Press Rights Panel which would monitor the implementation and effectiveness of the legislation.
- (6) It would provide for a tax credit and a surtax to encourage newspapers to devote more of their resources to the provision of information.
- (7) It would provide matching grants to help to improve news services within Canada and for Canadians about the world.

In the pages that follow we set out these recommendations in considerable detail, in order that they may be given the full consideration which we think they should have. We recognize that they are, in relation to the magnitude and importance of the problem, modest proposals. We think they are what is practicable. We hope and believe that they are proposals which would, as surely as possible, improve the service of a free press to a free Canada.

The rules of ownership

The Canada Newspaper Act must contain provisions to prevent any further increase in concentration and to reduce the worst features of the concentration that has hitherto been allowed.

The prohibitions we propose would not inhibit any corporation or any person from starting a truly new newspaper in any community, or an additional newspaper or edition produced from an existing operation. The proposed provisions of the statute relate only to the acquisition of existing papers. In order to prevent evasion, it would be necessary to define an "existing" paper to include one which, though with a new name and publisher, replaces an existing paper.

While the local monopoly of a newspaper is a problem in itself, often reflected in profit maximization by impoverishment of editorial content, the worst feature of concentration is not the ownership of several newspapers by one company; it is their ownership by a "conglomerate", a company having, or associated with, extensive other interests. Therefore the Newspaper Act should prohibit the purchase of a newspaper business by a company or person, or any association of persons or companies not at arm's length, if the total net value of the assets employed in non-newspaper business by the company, person, and any associated companies or persons, exceeds the net asset value of the newspaper which is to be purchased.

This should be the general provision of the Act. However, there are special situations, to be discussed later, in which some flexibility may be necessary. The Press Rights Panel would have authority to permit a degree of relaxation of the rule in specific cases.

While the Commission thinks that large chains, and chains which are geographically concentrated, should never have been allowed to develop, it feels that the scale of divestment which can now be fairly and reasonably required is limited. Accordingly, while we would regret further concentration, we do not think that the statute should entirely prohibit the acquisition of additional newspapers by those who now own one or two. The provision we propose for the Newspaper Act is that a company or person, or associates of a company or person, owning a daily newspaper may acquire an additional newspaper or newspapers only if:

- (1) The total number of daily papers owned thereby does not exceed five.
- (2) The circulation of daily newspapers thereby owned does not exceed five per cent of the circulation (measured on a weekly total basis) of all daily newspapers in Canada. At present, this is equivalent to an average daily circulation, for papers published six times a week, of 270,000. A paper could not acquire others beyond that total circulation level for the chain.
- (3) The point of publication of any acquired newspaper is not less than 500 kilometers distant from any other paper in the same ownership (500 kilometers is roughly the length of Nova Scotia from southeast to northeast, and the breadth of Manitoba from east to west).

Again, however, while legislation should establish the general rules precisely, there should be enough flexibility to permit consideration of exceptional circumstances. The Press Rights Panel would have authority to consider cases on their merits and, for good reasons within the spirit of the statute, permit modest exceptions to the rules. It might, for example, permit a chain of five or fewer moderately to exceed the circulation limit; or (perhaps the likeliest case) allow the 500 kilometer rule to be set aside if the closer locations are in quite distinct regions without much inter-communication.

These guidelines prohibit, of course, any further acquisitions by the big chains. In the case of Southam, this means that the company would not be able to extend, either to complete ownership or to a controlling role, the interest that it now has in two "independent" newspapers, the Brandon Sun and the Kitchener-Waterloo Record.

We turn now to the minimum measure of divestment that we consider to be required in order that the degree of concentration should be more tolerable than it is. While the economic reality of daily newspaper monopoly in most communities has to be accepted, there is no economic necessity for the same ownership of other media in the same community. Such a reduction in the diversity of sources of information is without justification.

A precise definition is, of course, necessary, since there are fringe cases where a newspaper owns a broadcasting outlet at some little distance from its point of publication, so that several other newspapers may circulate in various parts of the area within the reach of the electronic medium. A reasonable guideline to provide in the legislation would be that the proprietor of a newspaper may not own or control a television or radio station or a cable system if 50 per cent or more of the population within good reception reach of the electronic medium live in the areas where the newspaper is generally available by home delivery or by box or newsstand sales. In most cases of cross-media ownership there would be no question whether or not divestment is called for by this guideline. If there are doubtful cases, requiring more detailed investigation than the time available to this Commission has permitted, they should be examined by the Press Rights Panel. If it is satisfied that there are, within the spirit of the legislation's intent, good reasons to make exceptions to the 50 per cent guideline in particular cases, the Panel would have authority to do so.

One case requires special mention. Southam owns 30 per cent of the voting shares of Selkirk Communications Limited, a major television and radio company in

Western Canada. In addition to television and cable interests in Ontario and in Winnipeg, it owns 11 radio stations and two television stations in British Columbia and Alberta and has large interests in three other B.C. television stations. Southam owns six daily papers in British Columbia and Alberta. Its president claimed to us that it did not "control" Selkirk, and it is no doubt true that it does not actively interfere in the management. The fact nonetheless is that Southam is the largest shareholder and could, if it chose to exercise the power, impose its will in the operation of Selkirk. The proposed legislation's definition of control would make it plain that Southam is required to sell its interest in Selkirk.

In all cases initially required under the Act, a period of five years, from the date of proclamation of the Act, should be allowed for divestment. For any divestments subsequently ordered by the Press Rights Panel, the normal maximum period would be five years from the date of the Panel's decision. For both initial and subsequent divestments, however, the Panel would have authority to hear representations from any proprietor with good reasons for requiring an extended period. The Panel might grant extensions up to five years (making a total of 10) for initial divestments and up to two years (for a total of seven) for subsequent divestments — which, while they might eventually be as numerous as the initial ones, would be less bunched in time. If the proprietor indicates that it is the newspaper which he prefers to sell, the renewal of his licence by the CRTC would not be affected. Otherwise, any licence renewal in the meantime presumably would be made for not more than the balance of the five-year period.

The ownership of weekly papers by dailies presents more difficult issues of concentration. There may be some genuine economies in the joint operation. Nevertheless, there is no doubt that power is undesirably and unnecessarily concentrated when, for example, the Toronto Star is in the same ownership as most of the major weeklies in metropolitan Toronto — a situation created while this Commission was working. We propose that the Newspaper Act provide that the proprietor of a daily paper may not own or control a newspaper published less frequently (a weekly or a twice-weekly) which is, in all or in any significant part of the area in which the daily circulates, either the sole weekly or a dominant weekly facing only minor competition. In cases where the application of this principle is in doubt, or comes into doubt because a competitive weekly closes, the Press Rights Panel should be empowered to adjudicate each case on its merits. It would take into account the extent of any competition between both weeklies and dailies in the area.

The Commission has had difficulty in deciding whether it should recommend that divestment be required in existing situations which clearly breach the principle we propose for the future. Weekly newspapers are, however, very different from broadcasting stations. In some cases their relationship to the daily is much closer and long-established. They are more local; they require less capital; in metropolitan areas, at least, they come and go much more easily. We do not think that there is the same overwhelming case, either in principle or on practical grounds, for ordering divestment of weeklies as there is in cases of cross-ownership with broadcasting media. It is better to rely on the reasonable hope, in situations such as that of the Toronto *Star*, that competitive weeklies will soon arise to disturb it. The principles we have proposed should be applicable to changes in ownership made after the date of publication of this Report.

There would be no point in ending existing cross-media concentration but permitting its extension to new media. While we cannot yet be sure of the significance of the new screenprint medium (usually referred to generically as videotex) it may well be important. There is still the opportunity in this field to head off concentration before it occurs. The Act should prohibit a newspaper proprietor from being the carrier systems operator of any screenprint or similar service. This would not prevent the newspaper from being, in the jargon of the new technology, an information provider. That is to say, it could sell to the carrier systems operator a contribution from the newspaper to the databank to which the service provides access. It would thereby be involved in the new medium, however, only as a contractor, not as a principal.

Divestments of dailies

On divestment by existing chains within the daily newspaper business, the Commission proposes, for reasons indicated earlier, a moderate course. We do not propose legislation that would necessarily produce a massive upheaval of ownership. There are, however, extreme situations which, in the public interest, cannot be tolerated.

In New Brunswick, the newspapers of Saint John, Moncton, and Fredericton are bound to be monopolies in their particular markets. All, however, are contributing, and are the only newspapers contributing in the English language, to information and opinion about the affairs of the province and about national and other matters. They could be and should be diverse voices, correcting and balancing one another, competing for influence. There is no shred of economic reason for this diversity to be suppressed.

The principle to be embodied in the Canada Newspaper Act is that no company or person or associated companies or group of companies or persons not at arm's length should continue to own or control two or more papers (other than "two-in-one" papers, that is, morning and afternoon papers published from the same plant under the same editorial control) which are the sole or predominant (that is, having 75 per cent or more of the circulation) newspapers in one language published in a province or in a distinct region clearly separated in communications generally, and in newspaper circulation, from other regions.

It may be noted that, in their evidence to us, both of the largest chains accepted the force of this principle. Thomson explained its preference for selling its 50 per cent interest in Pacific Press to Southam in Vancouver, rather than clearing up their unsatisfactory joint arrangement by buying out Southam, on the ground that it recognized that it already had a large number of papers in British Columbia and the addition of the Vancouver papers might be an unacceptable measure of predominance. Southam, which went further than Thomson by recognizing that its chain is about as big as it should be in total, also argued that any further marginal acquisitions should be judged by an ownership review board according to whether or not they created an additional predominance of the chain in a particular region. Thomson admitted that the point could come at which limits to ownership would have to be accepted.

In New Brunswick, the principle to be expressed in our proposed Newspaper Act requires that the Irving interests divest themselves of either their two-in-one papers in Saint John or their similar Moncton papers. They would also have to

decide, under the rules against cross-media ownership, whether to keep the Saint John papers or their television and radio stations.

In Saskatchewan, for reasons given by way of example in Chapter 13, the principle requires that Armadale divest itself of either its Saskatoon or its Regina paper.

The province of Newfoundland is almost dominated by its two Thomson papers, but it does have bravely struggling competition in St. John's itself. We therefore would not propose that divestment of one of the Thomson papers be required now, even though their combined circulation exceeds the 75 per cent ratio, but this is a prime example of the situations that should be under regular review by the Press Rights Panel.

Southam's ownership of both Vancouver papers and of one at Prince George puts it in a leading position in British Columbia, but the size of the province and number of smaller dailies qualify the dominance to the extent that we do not recommend a requirement for divestment now. There are, however, in British Columbia two distinct regions where one proprietor dominates. In the interior, in the Okanagan area, Thomson owns all three papers, plus the nearest to the north, at Kamloops. In southeastern British Columbia, again, all four daily papers are owned by Sterling. Two, for Cranbrook and Kimberley, are printed at the same plant and can hardly be separated, but there is no reason why diversity of voices should be limited by common ownership of the Trail and Nelson papers.

These area cases are prime candidates for review by the Press Rights Panel. We do not recommend a firm decision on divestment now only because the options offered to Thomson by our major recommendation, related to the *Globe and Mail*, could (at that organization's choice) result in a great many changes of newspaper ownership over the next five years.

There are other regional situations — in both northeastern and southwestern Ontario — where the Thomson chain is close to being predominant. If it continues, the regional situations will require review. However, we are proposing substantial changes in the role of editors and, while their effects will take time to mature, we have considerable hope that this will lead to improved performance of their public responsibilities by Thomson, as well as other, newspapers. Time will tell.

We propose that the Press Rights Panel should under the legislation be instructed fully to review the effects of concentration, particularly on a regional basis, at intervals of not more than five years. It would take account of events meantime, and be empowered to order further divestments if it considered them to be required in accordance with the spirit and guidelines of the Act. Decisions would depend in part on any changes in competitive situations meanwhile. For example, while there are at present in Alberta six dailies in addition to the three owned by Southam, the roles of the big Edmonton and Calgary papers are such that it might not take the disappearance of more than two of the others to create a dominance comparable to that now existing in Saskatchewan.

The most important divestment we propose is not, however, regional but national; it arises from the special position of the Globe and Mail, with its national character recently achieved by printing in Calgary and Ottawa, as well as Toronto; at the time of writing this Report, the intention to add two other printing locations, in Vancouver and in the Maritimes, has been announced. This national daily medium for English-speaking Canada is an implementation of plans developed under

the former FP ownership. It is, in the Commission's view, a most welcome development, though in saying so we do not wish to imply that we accept the self-evaluation of its quality that the *Globe and Mail* offered to us. It is, however, at present a uniquely powerful agent of information and opinion. While it is possible that eventually there will be other national dailies, the *Globe and Mail* is likely to be a monopoly, as a national, for years to come.

It is in our judgment an entirely unacceptable concentration of power that this paper should be owned by the Thomson organization which also owns a third of the other daily newspapers in Canada. There are no economic advantages to the union. The Globe and Mail is profitable. It is managed, we were told, quite separately from the other Thomson papers. Indeed, its publisher claimed to us that he did not know to whom in the Thomson organization he reported; and while the Thomson officers did not give quite the same impression, it is clear that the Globe and Mail (along with, to some extent, the recently acquired Winnipeg Free Press) is not structured into the organization. It should not be, since the management style used by the Thomson organization for its other papers would destroy the character of the Globe and Mail.

The point, however, is that there is neither economic nor journalistic reason for the union and the unnecessary concentration of power that it creates. We therefore propose that the Canada Newspaper Act should stipulate that a company owning or controlling a daily newspaper which is printed in two or more distinct locations in separate provinces of Canada shall not, either directly or through associated companies, own or control any other daily newspaper in Canada. Thomson would thus be required to divest itself, within five years, either of the *Globe and Mail* or of its other papers.

It will be obvious that Thomson could evade this result by, in the interval between the publication of this Report and the proclamation of the Act, abandoning the national edition and retreating to printing of the Globe and Mail in Toronto only. That would be, of course, regrettable and entirely contrary to the intent of the proposed legislation. We do not suggest that Thomson would attempt the evasion. For certainty, however, it should be clear that this provision of the legislation would be applicable to any newspaper which was being printed in two or more locations at the time of publication of this Report.

It should be recognized that sale of the Globe and Mail might be difficult because of the rule, stated earlier, that a purchaser of an existing newspaper may not have extensive other interests. Our proposals include a tax inducement, to be described shortly, for one company or person to buy up to five per cent of the shares of a company acquiring or starting a newspaper. That is to encourage diversity of ownership. But even with that inducement, it might not be easy to put together an adequate offer, for a property of the value of the Globe and Mail, unless one or more substantial investors (with other interests) were able to take the lead.

From the series of newspaper transactions in 1980 it is possible to deduce fairly closely what Thomson in effect paid for the Globe and Mail. The Act should permit any company which is required to divest to make representations to the Press Rights Panel that a fair sales value, in relation to its purchase price and other considerations, cannot be obtained consistently with the Act's general rule against any new involvement of conglomerates in existing newspapers. The Panel would have an obli-

gation to investigate any such representation closely. If persuaded that the claim is correct, it would have authority to examine proposals involving purchasers who would not normally be eligible. In doing so, it would give as much weight as is practicable to securing diversity of ownership and particularly to avoiding a controlling role for a major "conglomerate" interest. However, if and to the extent that it is satisfied of the practical necessity, it might permit a purchase that involves some compromise of the aim of securing ownership unaffected by other interests.

The result of our recommendations would vary greatly according to the choices made by Thomson and by the newspaper proprietors with television and radio stations. If Thomson decided to keep its papers other than the *Globe and Mail*, and if other conglomerates sold their broadcasting interests and kept their newspapers, only a few divestments would necessarily follow from our proposals. However, if Thomson decided to keep the national paper, some 40 newspapers would change hands.

Investment incentive

The Commission is deeply concerned that those who divest get a fair price for businesses which they have held in good faith under the law as it has been. Monopoly newspapers are for the most part highly profitable, and the risk of unfairness is not great. However, markets are never certain and would be particularly uncertain if there were many divestments. Further, it is highly desirable that ownership of the new companies be widely distributed, especially among people local to the communities where newspapers change hands, rather than that the papers be bought only by large investors.

Accordingly, we propose that the Newspaper Act provide a special inducement for the purchase of shares in companies which acquire newspapers in consequence of the Act, and provided that the shares are bought within one year after the date of commitment to buy the paper. We have in mind tax haven provisions roughly comparable to those used to encourage film production in Canada.

In order to encourage diversity of ownership, we would limit the benefit to purchases, by any one purchaser, of not more than five per cent of the equity shares of the divested company or shares issued by a company in acquiring a divested newspaper property. Up to this limit, the investment in shares would be eligible for capital cost allowances taken at such rate as suited the investor for tax purposes, though not over a longer period than that for which the shares are retained or a maximum of, say, five years.

Such a provision should in most cases ensure a satisfactory market for divested newspapers and also lead to a wider ownership, including more local ownership, of small interests in newspapers. We have discussed above the element of flexibility, regarding other investors, that the Press Rights Panel would be able to permit if necessary.

We cannot exclude the possibility that, particularly if new electronic media take more of the advertising market, there will be further closings of newspapers at some future time. A comprehensive Act should contain safeguards regarding the conduct of any future closings. We recommend a provision that a daily newspaper may not cease publication until 60 days after giving public notice of the intent to close. This would ensure that potential buyers know of the opportunity and can evaluate the paper's finances in time to make an offer for it as a going concern.

The legislation should also provide that, if such a purchaser is not found, the proprietor may not conclude a transaction to sell off the physical assets until he has satisfied the Press Rights Panel that this course is at least as remunerative to him as any refused offer for the newspaper as a going concern. This, of course, is the practicable protection of the public interest against a chain closing one of its papers in order to enhance the profitability of another.

We have considered whether a tax inducement for the purchase of newspaper shares, which we recommend for divested newspapers, should be extended more generally. We are doubtful whether it would have much significance in closure cases, which we in any event expect now to be rare, and we do not wish to recommend any unnecessary spread of special tax arrangements. On the other hand, the incentive could be valuable in inducing the establishment of new newspapers, especially with local rather than chain ownership. We therefore recommend that the tax provision proposed in connection with divestments should also be legislated for new newspapers. In consistency, it should also be available for purchases of shares of companies taking over papers that would otherwise be closed; but, as a safeguard against abuse, only if all of the shareholders seeking the benefits of the tax provisions can establish that they are entirely at arm's length from the proprietors of the company which closed the paper.

This provision to encourage new daily newspapers could be of more importance for weekly newspapers and consumer (not "trade") magazines that cannot expect to reach an advertising ratio of more than, say, 50 per cent of their total space. We do not recommend such an extension of the scope of the tax inducement now, before experience of the operation of the provision for daily newspapers. We do, however, recommend that there be a section in the Act empowering the Press Rights Panel to review experience with the provision and consider whether to recommend the extension not sooner than three years after the proclamation of the Act; if so recommended, government would have power to make the section operative by Order in Council.

The freedom of the editor

In our predominantly private-ownership economy, a newspaper is a business. To survive, it must meet the test of profitability. There is nothing to apologize for in that. For every business, however, the bottom line — the other name by which businessmen like to identify profit — is qualified in some degree by social responsibility. The obligation not to endanger the health and safety of customers and workers, and more generally not to cheat them, is supported by legal enforcements, even if not always very effectively.

The reader of the newspaper is buying a product for the mind, and little can properly be done by regulation to ensure that he gets the quality of product to which a citizen of a democracy is entitled. The social responsibility of the newspaper in any case extends far beyond its own customers. There is a responsibility to the people and institutions the paper writes about, a responsibility to be accurate and fair. There is a responsibility to the community generally, which will be influenced indirectly by what the readers get directly from the paper; good newspapers are essential to the

democratic process in a free society. That is the root of the special kind of social responsibility which makes the newspaper more than a business.

A business, however, it is; if it is just that business, not mingled with others, the Commission proposes no special legislation to protect the public interest in the press's fulfilment of its special social responsibility. We think that the freedom of the press should continue to mean the freedom of the proprietor to do what he likes with his newspaper, provided that newspaper is his principal property. The resulting products may in some cases fall short of their social responsibility, but it is better to live with those deficiencies than to take the risks involved in any practicable regulation of content standards.

But it is one thing for society to accept the power, including the power to be deficient in social responsibility, that belongs to the proprietor of a particular newspaper as such. It is quite another matter to accept unconditionally the power of a proprietor for whom a newspaper is only part of his interests, whether the other interests are other newspapers or other media or stores or oil wells or pulp mills or whatever. Obviously the personal attention then given to a particular newspaper by the proprietor himself (whether an individual owner or the chief executive officer of a company) is limited. Delegation is necessary. None of the officers of chains and conglomerates who gave evidence to us claimed for himself or herself any right to influence the editorial content of his or her newspapers. Their defence of their power rested four-square on the assertion that they do not interfere. They admitted, however, that there is no guarantee that this self-restraint will be universal or consistent at all times.

In fact, the delegation they all practise is not to an editor. It is to a publisher, who is the principal officer of the individual newspaper. He is the proprietor's trusted agent responsible for that part of the chain or conglomerate business. His appointment, his status and his future rest on that role. He is the proprietor's man; and, while his particular function is to run a part of the total business, his outlook is necessarily one that is comfortable with the outlook of the chain or conglomerate as a whole. In other words, however complete his autonomy (in practice it is in some cases virtually complete, in others less so), it in no way means that the newspaper is separated from the general interests, opinions and prejudices of the chain or conglomerate.

How far there is editorial independence of other business interests therefore depends on the next link in the chain: the relation between the publisher and the editor or editors who report to him. These relations vary: a few publishers are interested in little except business operations and give their editors, within financial controls and general policy guidelines, possibly almost unspoken, a very free hand. Other publishers edit by exception: that is, they interfere on matters that particularly concern them. Others again take a very active role in the general editing of the paper. In any event, the editors are the publishers' people almost to the same extent that the publishers in turn are the proprietors' men. Overall, the structure is most certainly not one that can give any confidence that newspapers in Canadian communities are edited independently of the other business interests of their chain or conglomerate proprietors. The structure is, in other words, incompatible with the Canadian Daily Newspaper Publishers Association's own declaration, in its 1977 Statement of Principles, on this point:

The newspaper must hold itself free of any obligation save that of fidelity to the public good....Conflicts of interest, and the appearance of conflicts of interest, must be avoided. Outside interests that could affect, or appear to affect, the newspaper's freedom to report the news impartially should be avoided.

If that statement is to be more than a pious declaration which no one takes seriously, the present structure of newspapers must be modified. When proprietors have multiple interests, freedom of the press cannot be their freedom. It has to be the freedom of editors.

We do not believe that this can be brought about suddenly. That would involve wrenching change and detailed government interference. The Commission has sought to propose modest changes which would gradually increase editorial independence of outside interests without bringing government interference into play in its place.

In order to do this, our proposed Canada Newspaper Act should incorporate a precise definition of an "individual" newspaper. "Two-in-one" morning and afternoon newspapers published from the same plant would count as one. An "individual" newspaper would be defined as one which represents at least 50 per cent of the total business assets (including other newspapers, if any) of its ultimate proprietor. An appropriate measure could be by value of net assets employed, and the newspaper business should be defined to include printing operations on the presses used for the newspaper. For this and other purposes in the legislation, "proprietor" would be defined so as to include any person or company that, without owning a majority of shares, has effective control of a business. The interests of the ultimate proprietor would include those of associated companies and of any other companies and individuals not at arm's length. To avoid what would otherwise be an anomaly, it should be provided that if a proprietor owns more than one newspaper and the largest of them (in value) qualifies as an "individual" paper, then the other or others would also so qualify.

An "individual" newspaper in this sense would also include any paper published by a political party or by an organization recognized as a non-profit society.

Our proposals for editorial independence would not apply to an "individual" newspaper. If the newspaper is his principal commitment, representing a half or more of his total interests, the proprietor would be under no obligation to follow the contractual and reporting process we propose. Such proprietors could opt in — we hope they would and believe they should — but the choice would be theirs. It is when the ultimate proprietor has other interests greater than the particular newspaper that the public interest in the fulfilment of the newspaper's responsibility to its community should be given some assurance by statute.

The proposed method of providing this assurance does not involve any government interference in the conduct of the newspaper. It is merely to elevate the status of the people responsible for editorial conduct. Those people have various titles in different papers. For simplicity, we propose that the statute be concerned only with the most senior, whom we label for convenience "editor-in-chief". That is not to limit the language a paper chooses. It is the office, not the title, we are concerned about. It should be emphasized also that the proposals do not involve any separation of the editorial function from the business concerns of the newspaper being edited. The editor should share in those concerns with the rest of the management. The distance we

want to create is between the editorial department and proprietorial interests other than those of the newspaper.

For this purpose, the role and responsibilities of the editor-in-chief must be clearly defined. The fact that contracts for editors are not common in the Canadian newspaper industry is symptomatic of the lack of status commonly accorded to the editorial function. To correct this, the Canada Newspaper Act would require that, if the proprietor of a newspaper has other interests of greater value (that is, it is not an "individual" paper), the editor-in-chief must be appointed under a written contract. The nature of the contract should be detailed in the statute.

The contract should set out a comprehensive statement of principles for the conduct of the newspaper, adhered to by both the proprietor and the editor-in-chief. The Statement of Principles adopted in 1977 by the CDNPA would be a satisfactory model. The contract might provide, further, any more specific description of the paper's objectives which the proprietor thought appropriate. Most important, it must express the editor-in-chief's full responsibility for policy in accordance with the statement of principles and objectives.

The contract would make the editor-in-chief responsible for all editorial expenditures within a budget determined annually by the proprietor, and express the proprietor's intent that the budget be adequate for the discharge of the newspaper's responsibility to inform its readers accurately and comprehensively. It would commit the editor-in-chief to co-operate fully, compatibly with the other terms of the contract, in operating the newspaper to achieve a satisfactory profit.

The contract would establish the editor-in-chief's complete responsibility for determining all of the content of the paper's "news hole" (that is, space other than advertising), and — subject of course to any provisions of collective agreements — for hiring, firing, assigning, and establishing the salaries of all editorial employees of the newspaper. The editor-in-chief would be responsible for appointing, from among the editorial staff, an acting editor who would have all of his responsibility and authority in his absence or in the event of his incapacity.

The contract would specify the right of the editor-in-chief and his staff to comment adversely on the views or the particular actions of any person, company or other organization associated with the proprietor. It would express the proprietor's undertaking not to attempt to override the judgment of the editor-in-chief as to what to publish or not to publish.

The editor-in-chief would be required to make, not later than January 31 each year, a report on the paper during the previous 12 months. The report would review performance against the standards set out in the editor's contract. It would state the amount and structure of the editorial budget; the amount of any tax credit or surtax arising from the newspaper's operations in the last financial year; and the size of the news hole and its relation to advertising space. It would enable the editor to discuss such matters as the numbers and qualifications of editorial staffing; the utilization of news services; the topics of in-depth reporting; the coverage of major trends and developments in international, national, provincial and local news; and so on. This report would be delivered to an advisory committee and be published in the newspaper as soon as made.

The contract would specify a term, of not less than three years and not more than seven years, for the editor-in-chief's appointment. It would be renewable for a further term or terms (no one longer than the original term), provided that the advisory committee was given reasonable prior notice of the intention. Similarly, the contract could be prematurely terminated only after notice to the committee, and subject to payment of a minimum of 12 months' salary.

Since the contract would be a public document, it would not deal with the editor-in-chief's salary and other remuneration.

The Commission recommends that such guidelines for the form of a contract between the proprietor and the editor-in-chief be specified in the legislation, not only because the contract is crucial for the editor's independence from interested interference, but also because it is the foundation on which the professionalism and integrity of the journalistic staff as a whole can be built.

The statute would require the creation, by each newspaper other than an "individual" paper, of an advisory committee. The proprietor would appoint two members of the committee. The journalistic staff of the newspaper would elect, by secret ballot, two of their number. The "constituency" would be all persons, except the editor-in-chief or his nearest equivalent, employed full-time in writing and/or editing the paper, provided they have been so employed for at least 12 months before the date of the ballot. The first election would be required within three months of the date of proclamation of the Act, and the Chief Justice of the province would be responsible for nominating a judge or officer of a court to make sure that it happened. Subsequent elections might be held either to fill a vacancy or at the expiry of three-year terms.

These four people, representing the proprietor and the journalists, would be the "in-house" committee members. There would be three other members resident in, and representative of, the community for which the newspaper is published. They must have no financial interest in, or — apart from ordinary advertising — any business or professional relation with, the newspaper or any other business or businesses in which the newspaper proprietor has an interest.

Within these limitations, the "in-house" members would nominate two representative members for the committee. If the nominations were unanimous, no further action would be required. If the "in-house" members could not agree on their first choices, they could individually submit up to two nominations, which would be considered by a reviewer. He or she would be the chairman of the press council of the province, if there is such a council of which 75 per cent or more by number of the daily newspapers published in the province are members. In the absence of such a council, the Chief Justice of the province would name an appropriate reviewer who might be the ombudsman of the province, or a judge, or the head of the Human Rights Commission of the province in which the newspaper is published. The reviewer would decide which two of the nominations to accept.

The two committee members appointed by this process would themselves choose a third representative, who would take the chair. The three appointments of representative members would be for varying terms of seven, five and three years, as arranged initially among them, so that there would rarely be a changeover of more than one member. An appointment would be renewable, and a vacancy could be filled, on the nomination of a majority of the other committee members and the approval of the reviewer.

When the committee is fully constituted, within six months of the proclamation of the Act, it would discuss the objectives of the paper and the role of the editor-inchief as defined in his contract. Subsequently, the committee would receive the editor's annual reports and discuss them with him. Any comments that they wished to make, collectively or individually, would be published by the newspaper. They could hold special meetings at the request of either the proprietor's representatives or the editor-in-chief, as well as at the call of the chair or of any two of their number. They would promptly provide the Press Rights Panel with full minutes and conclusions of all their meetings, as well as the editor's report and any comments they made on it.

It may be noted that these provisions about editorial freedom are an extremely mild version of the arrangements to assure the independence of the editor of the *Times* of London, which were a condition of Lord Thomson's recent sale of that paper. The *Times* is subject to competition from other "quality" newspapers in Britain, such as the *Guardian*, *Financial Times*, and *Daily Telegraph*. Protection of its traditions and its integrity is important to an élite readership in Britain, but it is no less important to the people of, say, Sudbury that they can be assured of the editorial integrity of the only daily paper in their community.

We fully recognize, and intend, that what we are proposing is a gradualistic approach to improving the spirit and style in which the press of Canada discharges its responsibility to the people. No doubt most of the editors-in-chief first appointed under contract would be people who are editors now. Though their status would be improved, many might be slow to change existing attitudes and habits. But an evolutionary trend would be set in motion. The papers which now take their responsibility less seriously, that devote fewer resources and less care to its discharge, should gradually move up the scale to attitudes which now exist in the better papers and among some journalists.

The enhanced position of the editor-in-chief; the requirements and responsibilities placed on him; the objectives to which he is publicly committed; the clear setting of a distance between him and the other interests of the proprietor; the annual report on the discharge of his trust that he would make to the public: all of this should gradually be reflected in the approach of all of the journalistic staff to their tasks. More papers would operate by the principles that most Canadian publishers have said, through CDNPA, they should operate by. The public would have more assurance that they do so. The press as a whole would gain legitimacy; it would earn more of the credibility it now lacks.

The Press Rights Panel

The Canada Newspaper Act would establish a set of guidelines within which newspapers could fulfill their responsibility with legitimacy and credibility. It would in no way interfere with the freedom of newspapers to publish what they think best, to have whatever content they wish. It is not legislation which would require detailed administration.

Nevertheless, there are some continuing monitoring functions which would have to be performed. Concentration of ownership must be kept under review. In order to minimize administrative overhead and to avoid any impression of a closely regulatory agency, we propose that the Newspaper Act should create a Press Rights Panel within the Canadian Human Rights Commission. It would consist of a chairman and

two other members. Its association with the Human Rights Commission would make it an independent agency reporting to Parliament through the Minister of Justice. While it would be housed in the Commission and share its services, the Panel would not be subordinate to it. Its membership would be appointed by the Governor-in-Council for fixed terms, of seven years for the chairman, five years for one member and three years for the other; this would minimize the possibility of loss of continuity by simultaneous change of personnel in a small body.

Many of the functions of the Panel have been referred to, but, for convenience, these are restated here along with the more general functions:

- (1) It would provide, if requested, guidance to the advisory committees of newspapers. In the remote but never completely impossible chance of an impasse in the proceedings of such a committee, the Press Rights Panel would have power to intervene to appoint one or more members to the committee. In that event it would be required to make a public statement of its actions and the reasons for them.
- (2) The Panel would receive, from all newspapers, reports of the proceedings of advisory committees, including a full copy of the editor-in-chief's contract.
- (3) It would receive the annual reports of editors-in-chief, and the committees' comments on them.
- (4) It would certify to Revenue Canada whether a newspaper proprietor is in full compliance with all of the terms of the Canada Newspaper Act.
- (5) It would receive confirmations of intent regarding divestments.
- (6) In cases of doubt it would make a final determination whether, under the terms of the Act, divestment is required in situations of cross-media ownership of daily papers with other media; for this purpose it would have authority to make reasonable exceptions, within the spirit of the Act, from the exact application of the arithmetical guidelines.
- (7) At intervals of not more than five years it would review the concentration of newspaper ownership, particularly on a regional basis, and have power to order further divestments if it found that they were required, in the spirit and intent of the Act.
- (8) It would have authority to extend, for good reason and within the limits specified earlier, the maximum time allowed for divestment.
- (9) It could qualify application of the rule against "conglomerate" acquisitions of divested papers, if there were good reason to do so.
- (10) It would receive notice of intended closings and, in the event of a proprietor failing to arrange the satisfactory sale as a going concern of a newspaper which it wished to cease publishing, the Panel would determine whether a sale of physical assets was at least as remunerative to the proprietor as any offer available for the business and, if it found otherwise, would prohibit the sale of assets.
- (11) It would review and rule on acquisitions of newspapers that involve small chains, with modest flexibility in the application of the statutory guidelines.

- (12) It would recommend to government whether a special tax inducement to the purchase of shares in companies acquiring or starting daily papers should be extended to the starting of weeklies and magazines.
- (13) In relevant matters, the Panel would, like a Human Rights Tribunal established by the Canadian Human Rights Commission, have the powers of a superior court of record.
- (14) The Panel would be empowered to require from all newspapers such information as is strictly necessary to its functions. This would include identification of the ultimate proprietor of each newspaper and complete, up-to-date identification of all business interests with which the ultimate proprietor is in any way associated.
- (15) More generally, the Panel would be charged to observe the performance of newspapers in Canada in light of the intent and terms of the Canada Newspaper Act and to publish annually a review of that performance with any comment and advice to newspapers or government that it deems appropriate. In this function, the Panel would in effect act as a kind of ombudsman for the press generally, in something of the same way that the Official Languages Commissioner does in his field. Whether it has much to do in this respect will depend, essentially, on the newspapers themselves.

Tax credit and surtax

The proposed Canada Newspaper Act is affirmative legislation designed to separate the editorial conduct of a newspaper from business interests outside that newspaper. At the same time, it must fully respect the freedom of the press from government interference. There must be no possibility that inducements through the tax system can be used either to discriminate between newspapers or to exert negotiating pressure in relations between government and the press as a whole. Accordingly, the tax provisions we propose should not be incorporated in annual fiscal legislation. They should be contained in a financial part of the Newspaper Act, providing that the tax régime will not be amended for a minimum of three tax years after proclamation of the Act and that, if it is subsequently amended, no such amendment shall have adverse effect until the beginning of a newspaper's fourth tax year after the date the amendment is legislated.

Of course, a future Parliament can theoretically alter such provisions. They are not legally "entrenched". But in practice it would be extremely difficult for a government to change the rules of the game in any but most extraordinary circumstances. There would be the fullest practicable protection against manipulation of the press by tax changes or threat of changes.

The Commission's major tax proposal is designed to make it easier for newspapers to serve their readers well and at the same time make a satisfactory after-tax profit, but, on the other hand, to penalize them if they exploit their monopoly position by taking, as profit, resources that are needed to do a good job for the public.

We have found that most newspapers are earning rates of return on their equity which would be greatly envied in other sectors of business. The Commission has considered with some care whether there is any practicable way to define a level of profits which a newspaper could regard as a reasonable minimum, which it properly should not subordinate to the obligation to spend money on the quality of its product for the public. We have had to decide that this is not now possible.

We have therefore looked for other ways to encourage newspapers to strike a good balance of reasonable profitability with public service. A precise measure, of a kind that is reasonably fair between papers, fortunately can be made. From the Commission's research, we know the resources available to each newspaper — that is, the total revenues which it could use either to meet expenses or to provide profit; and we know how its use of those resources was divided between the main categories of cost and the residual, that is, profit before tax.

As was pointed out in Chapter 13, the ratio of editorial expense to revenues varies greatly, according to the policy of the proprietor. We propose that the tendency of some newspapers to skimp on their editorial service to their communities should be counteracted by a system of tax credits and surtax. The legislation should provide that every company publishing a daily newspaper or newspapers must report, as part of its tax returns, a statement of the ratio of editorial costs to its total newspaper revenues. For financial years ended on or before March 31 each year, Revenue Canada, in conjunction with the Press Rights Panel, would calculate the percentage of editorial expense to the total of gross revenues from newspaper circulation and advertising for the industry as a whole. This calculation would simply record the average performance of the newspapers.

Our proposed tax measure is that the tax liability of a newspaper-owning company would be reduced by 25 per cent of any amount by which its paper's editorial expenses have exceeded the sum resulting from multiplying the paper's revenues by the ratio of editorial expense to revenues which was the average for all daily newspapers during the previous year. Symmetrically, if a paper's editorial expense falls short of the average industry level, in relation to revenues, the proprietor company would be subject to a surtax equal to 25 per cent of the deficiency. If the company owns more than one newspaper, the calculations would of course be made for each paper and the sum would become the net tax credit or surtax of the company.

For example, suppose that the industry average, for the ratio of editorial expense to revenue, is 15 per cent for the financial year immediately preceding the year for which a tax return is being made. Suppose that a particular newspaper's revenue, for the current year, is \$10 million. Then it will be in line with the latest known industry average (that for the previous year) if its editorial expenditures are \$1.5 million.

Suppose that the paper's actual editorial expenses are \$2 million. The excess, compared with the average industry level of editorial expense, is \$500,000. We propose that the company owning the newspaper should receive a credit against its taxes, of 25 per cent of this amount — that is, \$125,000. If, for simplicity, we take the tax rate as 50 per cent, the company that spends an extra \$500,000 is in any event paying \$250,000 less in taxes than it would if it had taken the \$500,000 as profit. With the proposed credit of \$125,000, the total saving in taxes becomes \$375,000. In other words, the extra outlay on the newspaper's editorial content has a net cost to the company of only \$125,000, or 25 cents on the dollar.

Suppose, on the other hand, that the paper has chosen to spend only \$1 million editorially — that is, \$500,000 less than the industry average relative to its revenues.

We propose that the company owning the newspaper should be subject to a 25 per cent surtax on any such shortfall. That is to say, by taking the \$500,000 as profit instead of spending it editorially, the company incurs not only the normal \$250,000 tax but an additional \$125,000. It has restricted editorial expense in favor of profit but it has thereby gained only 25 cents on each dollar of restriction.

This tax credit and surtax provision would, of course, operate in conjunction with other tax law in such matters as the five-year carry forward of losses.

The surtax would be payable in respect of any daily newspaper. The tax rebate would be available to all "individual" newspapers, as defined earlier, and to all other newspaper-owning companies provided they are in full compliance with the provisions of the Canada Newspaper Act. This means, in particular, that they must have adopted, before the end of their first tax year after proclamation of the Act, contracts for editors-in-chief on the model of the Act and have made an appointment on those terms. In the cases where the Act requires divestment, it would not be necessary that divestment should have taken place. It would, however, be a condition of the tax concession that, by the end of its first full financial year after proclamation, the company has formally confirmed in writing to the Press Rights Panel that its best efforts are being directed to arranging divestment within the five years or such extended period as the Panel agrees to.

The present variances among newspapers, in the share of revenues that they devote to editorial expenses, are great enough to mean that initially there would be considerable payments of surtax, on one side, and receipt of tax credits, on the other side. We propose that each editor be required to make public, in his annual report, the amount of any credit or surtax for his paper. We would hope and expect that the effect of the combined incentive and disincentive would be that the discrepancies would lessen, that papers generally would spend more editorially before taking their profit. Monopoly exploitation would be lessened.

This benefit would be obtained at little cost to the Treasury. There would be no cost — tax credits and surtaxes would balance each other — if the industry's total editorial expenses in one year, as a ratio of gross revenues, were the same as in the previous year. If, as we hope, there is in fact a rising trend in editorial expenditures, there would be some net cost to the Treasury but it would be a very small price for the public gain.

News services

Our proposed tax measure could be a considerable stimulus to newspapers to put more resources into better discharging their responsibility to the public. There is, however, reason to fear that the present attitudes of publishers and editors would result in the resources being heavily concentrated on local news and on the purchase of services largely from outside Canada. The greatest deficiencies of many papers are the slight and haphazard reporting of general Canadian news and of international news. Very little indeed of the latter is reporting through Canadian eyes and reflecting Canadian interests. In that respect, the Southam organization shines brightly in what is otherwise now the Canadian darkness. It is to be genuinely praised for the news service it has; it could get away with less. But by international comparisons, the candlepower of its service is low.

We have concluded about CP — the co-operative service used by most papers — that it does a good job within its resources but that its resources, provided by the papers, are painfully thin for the task that ought to be done. Also, as was powerfully argued to us by others and indeed illustrated by CP's own brief, it is not free from some of the faults of near-monopoly. More serious competition would be good for it.

The Commission, therefore, recommends that the Newspaper Act should include an incentive for both types of service, the CP co-operative and a competitive commercial operation. The incentive would be to expand and improve their provision of Canadian material — that is, of Canadian news and of international news written by Canadians stationed or travelling abroad. The incentive must take such a form that its size is in no way dependent on government decisions; it therefore cannot be used to influence the what and how of reporting, as distinct from the resources devoted to reporting. The device proposed is a matching grant to help to cover increased expenditures. It is not intended as a further assistance to individual newspapers or chains. Therefore, a news service would qualify only if it was available to all newspapers and if no more than a third of its gross revenue from Canadian newspapers was derived from one proprietor or associated proprietors.

It would be necessary for the news service to segregate its services undertaken for newspapers from those for broadcasting clients. The latter would still gain an indirect benefit from improved service, but that does not seem to us a disadvantage of the scheme. A base year would be set up qualifying expenditures on Canadian material for newspapers. For CP this would be 1980. It is doubtful whether any other service would initially meet the diversity-of-clients requirement. If, as may be hoped, one subsequently did, its base year would be the first full year after qualifying.

Expenditures in the base year would be adjusted by the consumer price index to provide a rough measure of increases which are simply the changed cost of the same service. If, in 1983, for example, actual expenditures by CP (or other news service) in the defined category exceeded the adjusted base by, say, \$100,000, then in 1984 the Treasury would pay a grant to the news service of \$50,000. That is to say, it would in effect match, with a time-lag, the money that the news service had to collect from its members or clients in order to improve its service. The point of the time-lag is to ensure that the government is simply responding to what the news service has done in total, not influencing any particular thing it is going to do. The payments would be made, by statute, on the joint certificate of government and private auditors as to the amount due.

In order that the legislation provide a firm base for planning improved news service, great importance attaches to the feature of the financial part of the Act mentioned earlier in our recommendation: the system would be assured of at least six years' life and could not be later removed or changed without three years' notice having been given.

In conclusion

The Commission makes its recommendations in the belief that they would free Canadian newspapers from the ill effects of concentration and excessive dependence on corporate interests. If acted on by Parliament, they would give newspapers the opportunity to be, and to be seen to be, what they have themselves so often said they should be but have, in large part, failed to be.



Peter Whalley, Morin Heights, Qué.

Appendices

APPENDIX I

Acknowledgements

Production of a Royal Commission report on a firm date, fixed at the start of the inquiry, is a novel undertaking. It places unusual demands on the Commission's staff. Newspapers, of course, live to deadlines; but to marry the journalistic spirit to the processes of government was not easy. At the mundane level, our work was able to proceed with dispatch only because several people were prepared to work for appreciable periods before receiving (without interest) any pay or even reimbursement of expenses. That, however, was a small sacrifice compared with the intensity of effort — in number of hours a day, and number of days a week — that some of the staff expended.

We have achieved the deadline thanks only to our staff and consultants, and the Commissioners have reason to express the conventional thanks with exceptional warmth. All did well, and it is invidious to select some for special mention. Nevertheless, we think it necessary to name those of the research and writing staff who should be particularly identified with the Report.

The chief counsel is a key person for any commission. Don Affleck, however, played with skill and wisdom a role extending far beyond the normal bounds of legal counsel. Tim Creery was the most creative, as well as dedicated, director of research with whom any commission is likely to be blessed. Peter Desbarats, besides taking responsibility for research into new technology and its implications, made a major contribution, as associate director, in many other areas of research and writing.

In the later stages of our work Mr. Affleck and Mr. Creery were joined, in working often to late hours and seven days a week, by some of the senior staff, notably Tim Corbin, Jean-Claude Labrecque, Dick MacDonald, Ellen Gallagher, and Mario Pelletier. To this group, individually and also because they became so effectively a team in testing circumstances, our gratitude is enormous. If we do not mention the names of others it is not because their performance was other than excellent, by normal measure, but because the core group was so very special.

A Royal Commission, however, does not only inquire and think and write. It opens itself to the flows of opinion from the public. It was particularly in order to benefit fully from that opinion, as well as to conduct our work expeditiously, that specially careful organization was required. We are grateful to our secretary, Nicholas Gwyn, not only for his administration of the work of the Commission generally but also for the complex organization of our public hearings across the country. Mr. Gwyn was ably assisted by Kathleen Hunt, Nicole Viau, Judith Deegan and others, among whom the Commissioners would make special mention of Ric Charles because of the unfailing good temper and good sense with which he handled so many matters of detail. Most important, Louise Plummer and Christine Roush were endlessly dedicated to the word processing of our second to tenth thoughts.

To all of the staff and consultants, we are deeply indebted. Above all, however, we thank the many hundreds of people, in the newspaper and related industries and outside, who patiently answered our enquiries and who offered us information and opinion. If our Report proves to contribute usefully to public policy, the credit will be with all of them.

APPENDIX II

Terms of Reference of the Royal Commission on Newspapers

Order-in-Council P.C. 1980-2343 approved by His Excellency the Governor General on September 3, 1980

The Committee of the Privy Council, having had before it a report from the Right Honourable Pierre Elliott Trudeau, the Prime Minister, submitting:

that there has been a decline in the number of daily newspapers serving major cities and a decline in the number of cities in which competition between daily newspapers exists;

that there has been increased concentration of ownership and control of daily newspapers in Canada; and

that it is desirable that a study be undertaken, without delay, into the extent and causes of the aforesaid situation, and into the implications for the country of that situation.

The Committee, therefore, on the recommendation of the Prime Minister, advises that Mr. Thomas Worrall Kent, of Mabou, in the Province of Nova Scotia, be appointed a Commissioner under Part I of the Inquiries Act to inquire generally into the daily newspaper industry in Canada, specifically into the concentration of the ownership and control of the industry and into the recent closing of newspapers, and, without limiting the general scope of this inquiry, to examine and report on:

- (a) the degree to which the present situation in the newspaper industry has affected or might affect fulfilment of the newspaper industry's responsibilities to the public;
- (b) the consequences of the elimination of daily newspapers for individual citizens and community life in those cities where a newspaper has been eliminated in recent years;
- (c) the consequence of the present situation in the newspaper industry for the political, economic, social and intellectual vitality and cohesion of the nation as a whole;
- (d) such measures as might be warranted to remedy any matter that the Commission considers should be remedied as a result of the concentration of the ownership and control of the industry and the recent closing of newspapers.

The Committee further advises that

- 1. the Commission be authorized to exercise all the powers conferred upon Commissioners by section 11 of the Inquiries Act;
- 2. the Commission be authorized to adopt such procedures and methods as it may from time to time deem expedient for the proper conduct of the inquiry and sit at such times and in such places in Canada as it may decide from time to time;

- 3. the Commission be authorized to engage the services of such counsel, staff, clerks and technical advisers as it considers necessary or advisable at such rates of remuneration and reimbursement as may be approved by the Treasury Board;
- 4. the Commission be required to report to the Governor in Council not later than July 1st, 1981;
- 5. the Commission be required to file with the Dominion Archivist the papers and records of the Commission as soon as reasonably may be after the conclusion of the inquiry;
- 6. the officers and employees of the departments and agencies of the Government of Canada be required to render such assistance to the Commission as it may require for the inquiry; and
- 7. the said Mr. Thomas Worrall Kent be designated as the Chairman of the Commission.

Order-in-Council P.C. 1980-2483 approved by His Excellency the Governor General on September 15, 1980

The Committee of the Privy Council, on the recommendation of the Prime Minister, advise that Mr. Laurent A. Picard, Outremont, P.Q., be appointed a Commissioner, under Part I of the Inquiries Act, of the Commission to inquire generally into the daily newspaper industry in Canada, authorized to be established by Order in Council P.C. 1980-2343 of 3rd September, 1980.

Order-in-Council P.C. 1980-2484 approved by His Excellency the Governor General on September 15, 1980

The Committee of the Privy Council, on the recommendation of the Prime Minister, advise that Mr. Borden Spears, of Toronto, Ontario, be appointed a Commissioner, under Part I of the Inquiries Act, of the Commission to inquire generally into the daily newspaper industry in Canada, authorized to be established by Order in Council P.C. 1980-2343 of 3rd September, 1980.

APPENDIX III

Proceedings of the Commission

The Commission was established by Order-in-Council on September 3, 1980, within a week of the announcement of the closing of the Ottawa *Journal* and the Winnipeg *Tribune*. It was instructed to report its findings by July 1, 1981. The text of the Order-in-Council appears as Appendix II.

Within two weeks, senior staff members were appointed and an organizational meeting arranged. During October, November, and December an extensive research program was designed and contracted for. Public hearings began in December in Winnipeg and Ottawa, and continued across the country from Victoria to Halifax, ending with a series of national hearings in Ottawa in March and April. The Report was written in May and June.

In response to its advertisements in daily newspapers, and in some weeklies in areas where dailies were not published, the Commission received 246 briefs and 270 letters from representatives of the industry and the public. More than 40 per cent (213) came from Ontario. There were 120 from British Columbia and 76 from Manitoba. Briefs were received from all provinces; submissions are being placed in the Public Archives. A list of individuals and organizations who submitted briefs appears within Appendix V.

Public hearings were held over a period of 19 weeks in 12 cities in seven provinces. Four were in western Canada, four in Ontario, and four in Québec and the Maritimes. Witnesses were heard from every province except Newfoundland.

The largest group among the 353 people who appeared before the Commission at these hearings were representatives of daily and weekly newspapers and magazines (34 per cent). Sixteen per cent came from newspaper and news agency unions and employee associations, and 4 per cent from other unions; 7 per cent were former newspaper people or staff or students of journalism schools. Other members of the public made up 22 per cent; another 11 per cent represented community organizations, including business associations. The remaining 6 per cent consisted of elected representatives at the federal, provincial, and municipal levels of government. A list of those who appeared at each hearing, and the organizations they represented, appears as Appendix V.

In nearly every case, witnesses appeared voluntarily. At their own request, the publisher and editor of the *Globe and Mail* were subpoenaed to appear. The Commission paid the expenses of witnesses in some cases.

Two of the major newspaper companies, Southam Inc. and Thomson Newspapers Limited, requested and were granted, pursuant to Section 12 of the Inquiries Act, the right to be represented by counsel at the Commission's hearings.

Contracts for research studies were entered into with 38 individuals, partnerships, or companies. They are described in Appendix IV. The studies will be placed in the Public Archives.

Because of the special nature of the inquiry, cartoonists across the country were invited to send us samples of their work dealing with the Commission's mandate. Of the 75 cartoons submitted by 34 individuals, 14 are reproduced in this volume. The 15th was donated by the artist, who acted as technical adviser to the Commissioners when they assessed the submissions. Entries were selected on the basis of wit, insight, and relevance to the Commission's task.

In the 10 months of the Commission's life leading to the submission of its Report, 45 persons were employed for varying periods in staff positions or on contract. They are listed in Appendix VI.

Press accounts of the Commission's work, together with other news articles and commentaries dealing with the inquiry, also are being deposited in the Public Archives.

The cost of the Commission can only be estimated at this time since it will take several months to complete the publication of some research studies and wind down its work. The final total, which will include research, hearings, contract and staff payments, and other services, is expected to reach approximately \$3.1 million.

APPENDIX IV

Research Studies

I. OWNERS, JOURNALISTS, AND READERS

1. The Journalistic Tradition

A Sort of Reckless Courage Robert Fulford

Contrasts the journalist's "moral philosophy" of openness, fairness, and commitment with his working environment of corporate profits and strict budgets.

Philosophical Evolution of the Press Lysiane Gagnon

Traces the evolution of newspapers, development of social responsibility concepts and of the "libertarian" theory of the press in Québec.

2. The Publishers' Views Eugene Hallman

Views of Canadian newspaper owners and publishers on freedom and responsibility of the press, competition, the future of the daily newspaper, and government intervention.

3. The Journalists' Views

Journalists on Journalism in English-speaking Canada George Bain

The concerns of English-speaking reporters and copy editors about the quality of their newspapers, the effect of lack of competition, and the future of the newspaper and of journalism.

Journalists on Journalism in French-speaking Canada Florian Sauvageau

Opinions of francophone reporters on journalism and on the impact of recent changes in the social and economic climate of Québec on the practice of journalism. Based on a poll of Québec journalists conducted in collaboration with Simon Langlois.

4. The Public's Views Communications Research Center (CRC)

a) Pilot Readership Study

Findings of a telephone survey in early October, 1980. Perceptions of the closing of the Winnipeg *Tribune*; initial insights into the role of mass media in general and daily newspapers in particular.

b) National Readership Survey

National survey, with a sample of 3,511 adults, examining how people perceive and use newspapers. Opinions on the social responsibilities of the three information media, and attitudes toward concentration of ownership.

c) Analysis of Newspaper Circulation: 1970 and 1980

Analysis based on aggregate weekly circulation data from Audit Bureau of Circulations (ABC) publishers' statements, *Canadian Advertising Rates and Data*, and directly from publishers.

5. Monopoly and Competition

Living with Concentration: Sidelights—Montréal-Matin, Le Soleil and Le journal du Nord-Ouest Gérald LeBlanc

Three case studies of corporate change with three very different results; from the accounts of more than 50 newspaper employees.

The Only Side of the Street Walter Stewart

The impact of newspaper closings or mergers on journalists in seven Canadian centres; based on interviews.

6. Two Content Analysis Studies Arthur Siegel

Two case studies of Thomson-owned daily newspapers; characteristics of content of newspapers before and after change in ownership.

7. Press Councils Dominique Clift

Assessment of the performance of Canada's press councils and newspaper ombudsmen as mechanisms for making newspapers accountable to readers. Links the emergence of councils and ombudsmen to the consumer society.

8. Journalism Education Jean Cloutier - Tom Sloan - Pierre-Yvan Laroche

Description of programs in journalism education now offered in Canada. Compares the programs of 35 English-language and French-language educational institutions in terms of degrees granted, amount of research, resource facilities, and the employment market. Explores the connection between journalism and general communications studies.

9. Professional Development

Professional Development of Anglophone Journalists Murray Goldblatt

Survey of training programs sponsored by individual newspapers and industry organizations for English-language newspapers.

Professional Development of Francophone Journalists
Pierre Sormany

Survey of training programs sponsored by individual newspapers and industry organizations for French-language newspapers.

II. NEWS SERVICES

Carman Cumming - Mario Cardinal - Peter Johansen

The structure and function of news services, particularly in the light of concentration of ownership. Extended study of The Canadian Press, briefer description of United Press Canada and other news services and syndicates.

III. NEWSPAPERS AND PUBLIC AFFAIRS

Frederick J. Fletcher, with contributions from David V.J. Bell and William O. Gilsdorf

The relationships between newspapers and the conduct of public affairs, with separate studies of election campaigns and press galleries. Influences on the press including ownership concentration and the electronic media. Case studies of Sherbrooke and Trois-Rivières (André Blais and Jean Crète); Victoria (Daphne F. Gottlieb).

Appendix I: La presse et les affaires publiques au Québec André Blais - Jean Crète

Appendix II: Newspapers and Public Affairs Reporting: Literature Review and Propositional Inventory

Daphne F. Gottlieb - Frederick J. Fletcher

Appendix III: Correlates of Newspaper Coverage of the 1979 Canadian Election: Chain Ownership, Competitiveness of Market and cirCulation W.I. Romanow - W.C. Soderlund - R.H. Wagenberg - E.D. Briggs

IV. THE NEWSPAPER AS A BUSINESS

1. Financial and Economic Analysis P.F. Oliphant - R. C. White

The extent of common ownership and control; financial and economic pressures; industry structure and dynamics; intermedia and interconglomerate relationships; extent of concentration and monopoly.

(This study contains confidential material and will be available only in abridged form.)

2. The Advertiser's Role Communications Research Center (CRC)

Survey of advertisers' perceptions of the present and future marketing function of daily newspapers in a changing media environment.

3. Organization and Management David Jackson

Differences in management practices related to types of ownership, language of the newspaper, position in the market, as perceived in cross-sectional studies of Canadian newspaper managers and their employees.

4. Labor Relations Co-ordinated by Gérard Hébert

Basic labor issues and management structures of the Canadian newspaper industry; followed by a series of reports on the labor situation in Montréal (Pierre-Paul Proulx, Secor Inc.); Ottawa (Donald Swartz and Eugene Swimmer); Québec (James Thwaites); Toronto (John B. Kervin); Vancouver (C.R.P. Fraser and Sharon Angel); and Winnipeg (Allan R. Patterson).

5. Ownership of the Daily Press in Other Countries Economist Intelligence Unit

An overview of the trends to concentration of ownership and control in Australia, Belgium, France, Japan, the Netherlands, Norway, Sweden, Switzerland, United Kingdom, United States of America, and West Germany. Part II outlines legislative measures implemented or strongly advocated in relation to concentration.

V. THE PRESS AND THE LAW

1. Freedom of the Press Walter Tarnopolsky

History of "freedom of the press" in the United Kingdom and Canada. Study of the limits on free expression, such as blasphemy, obscenity, libel, defamation, sedition, and the Official Secrets Act.

2. Division of Powers Gérald A. Beaudoin

Sketches the division of powers between the federal and provincial governments as it relates to daily newspapers. Deals with property and private law, the reporting of trials and parliamentary debates, copyright, fundamental freedoms, emergency powers, competition, and tax law.

3. Government Policy Colin Wright

Policies embodied in federal and provincial laws as they affect newspapers, including libel and contempt, and freedom of information.

4. The Treatment of the Term "to the detriment or against the interest of the public" in the Combines Investigation Act Edith Cody-Rice

Discusses the elements of the definition, relevant parameters, the standard of proof, and the defences raised. Reviews authorities to show how judicial interpretation has affected the definition. Considers the adequacy of the present legislation when applied to the newspaper industry.

5. Regulatory Aspects of the New Technology Charles Dalfen

A short history of regulation in newspapers, telephone, broadcasting, cable, and computer services. Possible regulatory approaches to the new technology.

VI. NEWSPAPERS IN TRANSITION

Peter Desbarats

The technological revolution in Canadian newspapers during the past decade, the introduction of videotex systems, and the emerging information society.

Contributory Studies

1. Regulatory Aspects of the New Technology Charles Dalfen

see: V. THE PRESS AND THE LAW

2. Newspapers and Computers Morrison W. Hewitt (Woods Gordon) History and current status of computerization in daily and weekly newspapers. Forecast of additional computer installations. Based on questionnaires.

3. New Technology and Ownership Concentration in Québec Jean-Paul Lafrance in collaboration with Pierre Dumas and Guy Bertrand

Study of the impact of new technology on the concentration of ownership and on francophone culture.

4. Newspapers and Videotex Ian Brown - Robert Collison

Corporate structure and future plans of Info Globe and Infomart, their status in the developing Canadian electronic information service industry. Collaboration between Infomart and the Department of Communications. Potential impact of videotex technology on newspapers.

5. Videotex Field Trials in Canada Tom Paskal

Checklist progress report on 12 field trials as at April 1, 1981.

APPENDIX V

Hearings & Submissions

Here listed are the names of all those who appeared during the Commission's hearings, in order of appearance. Those who presented written briefs are indicated with an asterisk.

December 8, 1980, Winnipeg

The Council of the City of Winnipeg*
Represented by:
Mayor William Norrie

Manitoba New Democratic Party* Represented by: Howard R. Pawley

Manitoba Federation of Labor* Represented by: Dick Martin

The Royal Winnipeg Ballet Represented by: Max Tapper* Bill Riske

H. Merlin Lewis*

Daly de Gagné*

Consumers' Association of Canada, Manitoba* Represented by: Wendy L. Barker

Eric Wells*

William F. Neville*

Winnipeg Newspaper Guild, Free Press Unit* Represented by: Cecil Rosner Glen MacKenzie Winnipeg Newspaper Guild, Tribune Unit* Represented by: John Drabble

December 9, 1980, Winnipeg

Winnipeg Presbytery, United Church of Canada* Represented by: Rev. Carl Ridd

Bill Blaikie, M.P. (Winnipeg-Birds Hill)*

Manitoba Action Committee on the Status of Women* Represented by: Leslie Campbell Joan Holmes

Advertising Agency Association of Manitoba Inc.*
Represented by:
Hugh Goldie

La Société franco-manitobaine* Represented by: Lucille Roch Ron Bisson

Liberal Party in Manitoba* Represented by: Doug Lauchlan

Ruben C. Bellan*

Murray Smith* Craig Johnson

Winnipeg Free Press Represented by: Donald Nichol Murray Burt*

Winnipeg Tribune Represented by: E.H. Wheatley Dona Harvey

Steve Jones*

Mike Taczynski

Assiniboine Park-Fort Garry Resident Advisory Group Represented by: Merle Guberman

Charles P. Bennett*

Lionel Ditz*

Howard R. Harmatz*

Don Scott

Winnipeg Chamber of Commerce* Represented by: Gerald F. Reimer

December 11, 1980, Ottawa

The Council of the City of Ottawa Represented by: Mayor Marion Dewar*

City of Nepean Represented by: Mayor Ben Franklin

Ottawa Newspaper Guild* Represented by: Bridget Petersen

City of Kanata Represented by: Mayor Marianne Wilkinson*

I. Norman Smith*

Henry E. Collie*

James Rennie

Ottawa Citizen Represented by: William Newbigging

Ottawa Journal Represented by: Arthur E. Wood

December 12, 1980, Ottawa

Ottawa Citizen Represented by: Russell A. Mills

Lloyd Francis, M.P. (Ottawa West)

Beryl Gaffney*

Canadian Press Employees, Canadian Wire Service Guild.* Represented by: Alex Binkley Jennifer Lewington

G. Stuart Adam*

National Capital Region Amateur Sports Council* Represented by: Merwyn Leafloor

Ontario New Democratic Party* Represented by: Evelyn Gigantes, M.P.P. (Carleton East)

Wayne Wilson
John Smart*

Roy Bushfield*

T. John Samuel*

E.S. Leigh*

January 16, 1981, Victoria

Richard S. Bower

Victoria Labor Council* Represented by: Jack W. Groves Peter James

Corporation of the District of Oak Bay* Represented by: Peter G. Bunn Robin Blencoe*

Victoria Times-Colonist Represented by: Gordon Bell* Colin McCullough

Victoria Newspaper Guild* Represented by: Hubert Beyer Norman Gidney

Monday Magazine*
Represented by:
Derry McDonell

Gerald L. Kristianson*
Paul Nicholson*

Greater Victoria School Board Represented by: Martin Levin

Walter Young*

British Columbia Legislative Press Gallery* Represented by: Ron Thompson

Victoria Waterfront Enhancement Society* Represented by: Betty E. Gibbons

Michael Young*
Bruce Young*

Judith Alldritt*
Sid Tafler*

Victoria International Development Education Association* Represented by: John Brewin

Bernice Levitz Packford*

Ian M. Sherwin*

H.T. Bitterman

Albert W. Reid

Maggie Lynn

Socialist Party of Canada* Represented by: Larry Tickner

Larry Mann

Larry Ryan*

January 19, 1981, Vancouver

The Fisherman Publishing Society* Represented by: Geoff Meggs

Lorne W. Rae*

Stan Persky*

The Ubyssey*
Represented by:
Julie Wheelwright
Steve McClure

Vancouver-New Westminster Newspaper Guild* Represented by: Jan O'Brien Candy Sherriff

British Columbia Federation of Labor* Represented by: Dave MacIntyre Jim Kinnaird

Sid Godber*

Allan Fotheringham*

Vancouver Sun Represented by: Bruce Larsen

Vancouver *Province* Represented by: Paddy Sherman

Nanaimo *Times* and Saanich *Tribune**Represented by:
Stanley Burke

City of Vancouver* Represented by: Harry Rankin

Vancouver Sun Represented by: Clark W. Davey The Columbian Represented by: R.D. Taylor*

Pat Carney, M.P. (Vancouver Centre)*

David Godfrey*

J.C. Madden

Peter Anderson Jean McNulty* Doug Seeley

February 3, 1981, London

Andrew MacFarlane*

George Hutchinson*
Rory Leishman*
John McHugh*

Stratford Beacon Herald* Represented by: Charles W. Dingman

London Free Press*
Represented by:
Walter J. Blackburn
Peter G. White
Kenneth W. Lemon
W.C. Heine
A.J. Briglia

D.E. Berry*

Rev. Robert N. Giuliano*

Manny Vexler*

Windsor *Star*Represented by:
Gordon Bullock

Marc Emery*

Robert Metz*

Ontario Reporters Association*
Represented by:
Kevin Cox
David Judd

Simcoe Reformer*
Represented by:
John C. Cowlard

St. Thomas *Times-Journal* Represented by:

L.J. Beavis

February 6, 1981, Toronto

Ontario Press Council* Represented by:

Davidson Dunton Fraser MacDougall

Labor Council of Metropolitan Toronto*

Represented by: Ken Signoretti Linda Torney

Southern Ontario Newspaper Guild*

Represented by: John T. Bryant Dan Westell

Ryerson Polytechnical Institute.

Journalism Department*

Represented by: Richard Lunn

George Plumley*

Canadian Tribune*
Represented by:

James Leech

Ontario Educational Communications

Authority*
Represented by:
David Walker
Maria Cioni
Beverley Roberts

Infomart*
Represented by:
David M. Carlisle

Rogers Cablesystems Inc.*

Represented by: Colin D. Watson

Videotex Information Services Providers Association of Canada

Represented by: Gerald Haslam*

Alan Heisey*

Maclean-Hunter Limited

Represented by: Donald G. Campbell Content*
Represented by:
Barrie Zwicker

Keith F. Bull*

Toronto Sun Represented by: Douglas Creighton Peter Worthington

Toronto Globe and Mail Represented by: A. Roy Megarry Richard Doyle

Torstar Corporation and Toronto Star*
Represented by:
Beland Honderich
Martin Goodman

February 12, 1981, Thunder Bay

Rita Ubriaco*

Paul McRae, M.P. (Thunder Bay-Atikokan)* Represented by: Lois Karam

Thunder Bay and District Labor Council* Represented by:
Norman E. Richards

G.F. Engholm*

Angus Corey

Northwestern Ontario Regional Committee Communist Party of Canada* Represented by: Walter E. Rogers

Donald R. Colborne*

Kenneth R. Sitter*

Thunder Bay Times-News and Chronicle-Journal
Represented by:
J. Peter Kohl
Michael Grieve

February 16, 1981, Montréal

Michel Lord

Association of Canadian University Information Bureaus* Represented by: David Allnutt Elizabeth J. Hirst

Montréal Newspaper Guild Represented by: William Marsden Frederica Wilson

Canadian Wire Service Guild, Montréal*
Represented by:
Daniel Asselin
James Brown
Pierre Roberge

Syndicat du Journal de Montréal Represented by: Raymond Bouchard Diane Bourgeois

Le Journal de Montréal Represented by: Maurice T. Custeau Pierre Dussault Gérard Cellier

Mediaplex*
Represented by:
Aimé Lacombe

William A. Sullivan*

Dorothy Rosenberg*

Le Devoir (Montréal)
Represented by:
Michel Roy
Michel Nadeau
Bernard Larocque

Concondia University Journalism Program Represented by: Lindsay Crysler Enn Raudsepp Guy Lecavalier

La Presse (Montréal) Represented by: Roger Lemelin

Institut canadien d'éducation des adultes*
Represented by:
Paul Bélanger
Lina Trudel
Claude Martin

Bell Canada (VISTA)*
Represented by:
Charles Terreault
Nicole Leduc

Vidéotron Represented by: Michel Dufresne

Montréal Gazette Represented by: Robert McConnell Mark Harrison

February 18, 1981, Montréal

Confederation of National Trade Unions and the Fédération nationale des communications
Represented by:
Norbert Rodrique
Laval Leborgne
Georges Angers
Yves Leclerc

Gérald Robitaille

Mark Farrell*

February 23, 1981, Edmonton

Western Producer Publications*
Represented by:
R.H.D. Phillips
Allan W. Laughland

Alberta Weekly Newspapers Association* Represented by: Oliver Hodge

Cleo W. Mowers*

Stuart B. Smith*

Alberta Press Council* Represented by: Delores Elder

Edmonton Journal
Represented by:
J. Patrick O'Callaghan
Andrew Snaddon
John Brown

Edmonton Sun Represented by: Elio Agostini David Bailey Edmonton Journal Newsroom Association*
Represented by:
Helen Melnyk
Dan Smith

Canadian Press, Edmonton* Represented by: Graham Trotter

Jim McCurdy*

February 25, 1981, Saint John

Robert Lockhart*

L'Evangéline (Moncton) Represented by: Martin Boudreau

Ralph Landers

Saint John Board of Trade* Represented by: Lino J. Celeste M. Eileen Travis

Media Club of Canada, New Brunswick* Represented by: Frank W. Withers

Media and Communications Subsection, New Brunswick Branch, Canadian Bar Association* Represented by: Peter E.L. Teed

S. Bruce Benton*

Jon Everett*

Fredericton *Daily Gleaner**Represented by:
Tom Crowther

St. Croix Courier*
Represented by:
Julian Walker

Saint John Telegraph-Journal and Evening Times-Globe*
Represented by:
Ralph Costello
Fred Hazel

February 27, 1981, Halifax

Students of the School of Journalism, University of King's College* Represented by: Norbert Cunningham John Wishart

Nova Scotia Federation of Labor* Represented by: J.K. Bell Leo F. McKay

International Typographical Union, Halifax*
Represented by:
Fred Brodie
Lawrence Williams
Gerald P. Tobin

Atlantic Insight*
Represented by:
W.E. Belliveau

James Lorimer

E. Kathy Stuart*

Canadian Press Employees, Canadian Wire Service Guild, Atlantic Unit* Represented by: Daniel Léger

William MacEachern, M.L.A. (Inverness)*

Halifax Herald Limited*
Represented by:
Graham W. Dennis
Frederick G. Mounce
Arthur R. Moreira
Donald H. McDougall
Harold T. Shea
Ken Foran
Max Keddy

Cape Breton Post Represented by: Wallace McKay Ian MacNeil

March 9, 1981, Ottawa

Anthony Westell*

New Democratic Party*
Represented by:
Raymond J. Skelly, M.P. (Comox-Powell River)
Angus Ricker
Alain Piché

Canadian Community Newspapers
Association*
Represented by:

Represented by:
J.C.R. McKnight
Jim Schatz
Bill Kennedy

W.A. Wilson

March 12, 1981, Québec

Le Quotidien du Saguenay Lac St-Jean Represented by: Bertrand Tremblay

Le Journal de Québec Represented by: Serge Coté

Jacques Guay

Québec Press Council*
Represented by:
Aimé Gagné
André Villeneuve
Jean Baillargeon
Léon Dion
James Stewart

La Fédération professionnelle des journalistes du Québec* Represented by: Jean-François Lépine Louis Falardeau Michel C. Auger

La Tribune (Sherbrooke) Represented by: Lionel Dalpé

Guy Crevier

Association des éditeurs de la presse hebdomadaire regionale francophone Represented by: Jean-Paul Cloutier Jean-Paul Légaré Jean Longval

Le Soleil (Québec)
Represented by:
Paul-A. Audet
Claude Masson
Jean Beauvais
André Boulet

March 17, 1981, Ottawa

Canadian Daily Newspaper Publishers Association*

Represented by: Preston W. Balmer E. Paul Wilson John E. Foy

Newspaper Marketing Bureau, Inc.*

Represented by: Donald C. Gibson

Retail Council of Canada*

Represented by: Alasdair J. McKichan James Farrell Douglas Utter

Association of Canadian Advertisers

Incorporated* Represented by: John Foss

Armadale Company Limited*

Represented by: Michael C. Sifton Preston W. Balmer David A. Ward

March 18, 1981, Ottawa

Canadian Broadcasting Corporation Represented by:

A.W. Johnson Donald Ferguson Pierre O'Neill Robert O'Reilly

Henry Mintzberg

Telegram Corporation Limited

Represented by: Douglas G. Bassett Joseph Garwood

Consumers' Association of Canada*

Represented by: Robert R. Kerton Stephen Jelly

John H. Sigler Peyton V. Lyon*

March 19, 1981, Ottawa

The Newspaper Guild (Canadian Region)* Represented by:

William McLeman Fred W.S. Jones

Jim Young

Richard S. Malone

March 24, 1981, Ottawa

Senator Keith Davey

George N.M. Currie*

Stuart Keate*

Canadian Press Employees. Canadian Wire Service Guild*

Represented by: Alex Binkley* David Isaac Steven A. Kerstetter Gordon McIntosh*

La Fédération des francophones hors Québec

Inc.*

Represented by: Florent Bilodeau Donald R. Cyr Jean-Bernard Lafontaine

Richard Chevrier

Canadian Association of Broadcasters

Represented by: G.G. Ernest Steele Wayne A. Stacey

March 25, 1981, Ottawa

Mitchell Press Limited*

Represented by: Howard T. Mitchell

Torstar Corporation*

Represented by: Beland Honderich

Sterling Newspapers Limited*

Represented by: F. David Radler Arthur Weeks

Institute of Canadian Advertising

Represented by: Keith B. McKerracher Robert Troutbeck

April 7, 1981, Ottawa

Gesca Ltée Represented by: Paul Desmarais John Rae

UniMédia Inc. Represented by: Jacques G. Francoeur Jean-Guy Faucher

Colin McConechy*

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APPENDIX VI

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APPENDIX VII

A Statement of Principles for Canadian daily newspapers

(Adopted by the Canadian Daily Newspaper Publishers Association, April, 1977)

I. ETHICS

Newspapers have individual codes of ethics and this declaration of principles is intended to complement them in their healthy diversity. As individual believers in free speech they have a duty to maintain standards of conduct in conformance with their own goals.

II. FREEDOM OF THE PRESS

Freedom of the press is an exercise of the common right to freedom of speech. It is the right to inform, to discuss, to advocate, to dissent. The Press claims no freedom that is not the right of every person. Truth emerges from free discussion and free reporting and both are essential to foster and preserve a democratic society.

III. RESPONSIBILITY

The newspaper has responsibilities to its readers, its shareholders, its employees and its advertisers. But the operation of a newspaper is in effect a public trust, no less binding because it is not formally conferred, and its overriding responsibility is to the society which protects and provides its freedom.

IV. ACCURACY AND FAIRNESS

The newspaper keeps faith with its readers by presenting the news comprehensively, accurately and fairly, and by acknowledging mistakes promptly.

Fairness requires a balanced presentation of the relevant facts in a news report, and of all substantial opinions in a matter of controversy. It precludes distortion of meaning by over- or under-emphasis, by placing facts or quotations out of context, or by headlines not warranted by the text. When statements are made that injure the reputation of an individual or group those affected should be given the earliest opportunity to reply.

Fairness requires that in the reporting of news, the right of every person to a fair trial should be respected.

Fairness also requires that sources of information should be identified except when there is a clear and pressing reason to protect their anonymity. Except in rare circumstances, reporters

should not conceal their own identity. Newspapers and their staffs should not induce people to commit illegal or improper acts. Sound practice makes a clear distinction for the reader between news reports and expressions of opinion.

V. INDEPENDENCE

The newspaper should hold itself free of any obligation save that of fidelity to the public good. It should pay the costs incurred in gathering and publishing news. Conflicts of interest, and the appearance of conflicts of interest, must be avoided. Outside interests that could affect, or appear to affect, the newspaper's freedom to report the news impartially should be avoided.

VI. PRIVACY

Every person has a right to privacy. There are inevitable conflicts between the right to privacy and the public good or the right to know about the conduct of public affairs. Each case should be judged in the light of common sense and humanity.

VII. ACCESS

The newspaper is a forum for the free interchange of information and opinion. It should provide for the expression in its columns of disparate and conflicting views. It should give expression to the interests of minorities as well as majorities, and of the less powerful elements in society.

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